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NEWS SUMMARY

GENERAL

Iran shelves death sentence

Ayatollah Khomeini, the Iranian revolutionary leaders, halted all executions until further notice. More than 600 people have died before firing squads in eight months.

The move is the culmination of efforts to bring the revolution under control, but informed Iranians doubt its chances of success. They say many of Khomeini's directives are ignored.

Rivalries among those close to Khomeini appear to threaten a full-scale power struggle. Back page

Zia arrests 150

More than 150 people were jailed or placed under house arrest within hours of President Zia ul-Haq's shelving of the Pakistan general election and dissolution of political parties.

Nobel poet

Greek poet Odysseus Alepoudhelis, whose pen name is Odysseus Elytis, received the Nobel Literature Prize. Page 2

Councils warned

Government will handle council house sales where local authorities refuse or delay transactions, Housing Minister John Stanley said. Page 8

53,000 exiled

More than 53,000 Kampuchean refugees have been driven into Thailand in a week of fighting against guerrillas supporting Pol Pot, and 40,000 Vietnamese troops are in the border area, a Thai military official said. Page 5

Moro extradition

Lecturer Franco Piperno was extradited from France to Italy to face charges in connection with the murder of former Prime Minister Aldo Moro. Page 3

Church report

Physical expression of homosexual love can be justifiable and the age of consent should be reduced to 18, says a report to the Church of England Social Responsibility Board from a group led by the Bishop of Gloucester.

Colleges threat

Planned increases in overseas students' fees threaten some universities with closure, Sir Alec Merrison, chairman of the Vice-Chancellors' Committee, said. With fewer foreign students, wage bills could not be met. Page 10

Jagger ruling

Bianca Jagger lost her legal battle to have her divorce suit against Rolling Stone Mick Jagger heard in the U.S. and faces £30,000 costs before the case opens in London.

£77,000 for boy

Seven-year-old boy hurt in a 1972 car crash while in his mother's womb was awarded A$150,000 (£77,800) damages in Melbourne.

Briefly . . .

Prison staff are being asked to help identify a handless murder victim thought to have served a jail sentence.

Opponents of Tokyo's new airport set fire to three empty trains to the capital.

Passengers from Esbjerg, Denmark, to Harwich were delayed by a strike of 700 dock workers.

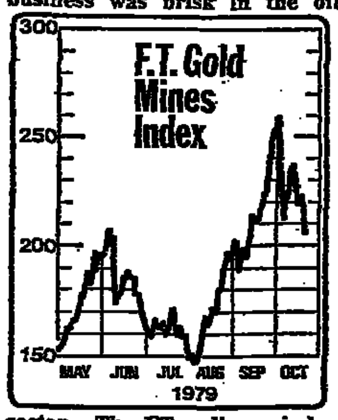
Yugoslav deported from France for shooting at his country's consulate in Lyons was jailed for eight years in Yugoslavia.

Bombs, believed placed by Puerto Rican nationalists, exploded in Chicago.

BUSINESS

Equities drift; Golds fall 9

● EQUITIES drifted downwards in sluggish trading, although business was brisk in the oil sector. The FT ordinary index closed 2.2 down at 470.1. The Gold Mines index continued to fall with a loss of 8.9 to 205.5.



● GILTS eased with the Government Securities index 0.05 down at 71.30.

● STERLING rose 75 points to $2.1525 while its trade-weighted index remained unchanged at 68.8. The dollar's index fell to 86.0 (86.2).

● GOLD closed unchanged at $383¾ in London.

● WALL STREET was 1.36 up at 832.05 just before the close.

● CHRYSLER of the U.S. has warned that without Federal government aid the entire company will collapse. Back Page

● CHRYSLER UK's workers at its Coventry ... decided their shop stewards and voted to end their 15-week strike. Back Page

● CONFEDERATION of Shipbuilding and Engineering Unions emergency committee, established to assess shopfloor reaction at BL over the proposed rationalisation plans, has urged BL workers to reject them (Back Page). Meanwhile, BL will examine a bid by a UK consortium to take over production of MG sports cars. Page 10

● COMMERCIAL vehicle drivers throughout the UK are being urged by the TGWU to begin an immediate ban on overtime and impose a series of one-day weekly strikes in protest at proposed tachograph regulations. Back Page

LABOUR

● NHS hospital consultants, dental officers and community medical staff have been offered a revised pay deal worth about 26 per cent and the scrapping of their proposed new style contracts. Page 14

● ICL supervisory and technical staff have decided to take industrial action in protest at the planned closure of the company's plant in Manchester. Page 14

COMPANIES

● HAWKER SIDDELEY pre-tax profit for the first half of 1979 fell from £55.6m to £53.1m. Page 26 and Lex

● BROOKE BOND Leibig profits for the year to June 30 were £41m against £43.8m on turnover down from £756.2m to £649m. Page 26 and Lex

● GOODYEAR, the UK subsidiary of the world's largest tyre manufacturing group, returned to profitability in the third quarter of 1979, following losses of £21.4m in 1978. Page 33

● ENI, the Italian national oil concern has started intensive negotiations to take over at least part of the refinery operations of the Monti group. Page 34

● CREDIT COMMERCIAL de France, the largest private sector French bank, is to float a FFr 353m ($88m) convertible loan, its first such operation since 1971. Page 34

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Southern Rhodesia 2½pc 1965-70	£96	+ 9
Adwest	416	+ 12
Arncliffe	58	+ 5
Brooke Bond	47	+ 2½
Cawoods	165	+ 8
Decca	385	+ 30
EMI	131	+ 5
Extel	188	+ 5
Hume "A"	95	+ 7
I. C. Gas	617	+ 19
Ladbroke	272	+ 19
Lee Cooper	171	+ 6
Linfood	134	+ 6
Lon. Merchant Secs.	58	+ 5
Muirhead	263	+ 14
Plysu	107	+ 11
Sirdar	130	+ 10
Stocklake	92	+ 5
Viking Resources	130	+ 10
Cultus Pacific	30	+ 4
British Borneo	302	+ 18
BP	352	+ 14
Burmah Oil	189	+ 21
Oil Exploration	528	+ 24
Tricentrol	258	+ 8
Ultramar	376	+ 12
FALLS:		
Caffyns	125	− 7
Glanfield Lawrence	59	− 5
Home Charm	156	− 6
Ibstock Johnsen	85	− 7
Jessel Toynbee	63	− 4
Rank Org.	198	− 10
Saga Holidays	185	− 10
Std. Chartered Bank	466	− 9
Sunley (B.)	590	− 10
Travis and Arnold	244	− 14
Wallis Fashion	66	− 6
Libanon	635	− 52
Roan Cons.	120	− 10
Rustenburg Plat.	141	− 11

Constitution agreed as Patriotic Front makes concessions

BY BRIDGET BLOOM AND MICHAEL HOLMAN

All-party agreement on a new constitution for Rhodesia was reached last night when the Patriotic Front told Lord Carrington that it had dropped its main reservations on the draft British document.

The Front's agreement will be made known formally this morning when the guerrilla alliance returns to the conference table at Lancaster House after an absence of a week.

The decision by Mr. Joshua Nkomo and Mr. Robert Mugabe, co-leaders of the Front, means that the conference can move on to discuss pre-independence transitional arrangements in full session.

A week ago, Lord Carrington, Foreign Secretary, excluded the Front from discussing these issues at the talks, saying he first needed an "unambikuous reply" from them on the constitution.

This reply will come in the form of a three-paragraph statement which meets the terms of acceptance which Lord Carrington laid down more than two weeks ago.

Although the language is different, the Front has accepted the constitution subject only to the same reservations made by the Salisbury Government ten days ago.

The Front makes a brave attempt to disguise what is, in essence, a climb-down. It declares that it is now assured that Britain, the United States and other countries will "assist in land, agricultural and economic development programmes" in the new Zimbabwe following a successful outcome at the talks.

These assurances, it says "go a long way in allaying the great concern we have over the whole land question arising from the great need our people have for land, and our commitment to satisfy that need when in Government."

Thus, the Front declares in the key paragraph, "we are now able to say that if we are satisfied beyond doubt about the vital issues of the transitional arrangements, there will be no need to revert to discussion on the constitution, including those issues on which we reserve our position."

The Front's acceptance of the constitution represents a major achievement for the six-week-old constitutional conference, and, in spite of the criticism of his strong-arm negotiating tactics over the past week, for its chairman, Lord Carrington.

The Front's objections to the constitution have been gradually whittled down from a list of 14, which included such issues as duel citizenship, the integrity of the declaration of rights, and the nature of the presidency.

Though a minority of observers have held that the constitution would never prove the breaking point of the conference, there have been a number of times in the last 10 days when this major test of will between Britain and the Front seemed in danger of causing a breakdown.

The Front effectively conceded all of its original objections, due to a combination of pressures—including Lord Carrington's own determination not to waver and the view of the front-line African presidents that the constitution should not become a fatal stumbling block.

However, important though last night's agreement is, the conference now enters an even more difficult stage as it endeavours to bridge the huge gap between the two Rhodesian delegations on the issue of pre-independence transitional arrangements.

Britain's own plan, already outlined this week to Bishop Muzorewa's delegation, is the basis for negotiation but it is likely to prove unpalatable

Howe asks bank chiefs for help on money limits

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor, last night asked the banks to adapt their lending policies to fit the official monetary targets and requested them to explain the implications of the policy to their customers.

Addressing the anual Lord Mayor's dinner to the bankers and merchants of the City of London, Sir Geoffrey said: "Financial institutions have a responsibility to adapt their lending policies to the limits implied by the monetary targets and by our determination to hold to these."

They should also: "Make clear to those to whom they do lend—personal and corporate customers alike—the implications of the monetary policies to which we are necessarily committed."

He went on: "The simple arithmetic is such that if this message is not very widely understood and accepted there will be a more severe financial squeeze." Companies and individuals would not get the credit they expected or on the terms they expected it.

Bankers Dinner speeches. Page 12
Editorial Comment, Page 24
Lex, Back Page
Heath urges full British role in EMS. Page 8

The remarks apparently reflect both concern about the level of lending, especially to the personal sector, and a desire to ensure that monetary policy is better understood.

The central theme of the speeches both of Sir Geoffrey and of Mr. Gordon Richardson, the Governor of the Bank of England, was that there was no alternative to the Government's strategy of making the fight against inflation a top priority.

The clear aim was to answer critics who have suggested that the Government has the option to boost demand and that the monetary policy is too tight and heartless.

Mr. Richardson argued that Britain was no longer free to choose between defeating inflation and satisfactory growth. "Inflation has got far too serious. Until we have got inflation under control, we cannot secure satisfactory economic growth."

Continued on Back Page

CBI fund may go to tax haven

BY JOHN ELLIOTT AND JOHN MOORE

THE Confederation of British Industry is considering basing its proposed employers' strike insurance fund in an offshore tax haven, such as the Cayman Islands, in order to avoid UK taxation on the proceeds of its investments.

This would help the CBI to build up the size of the fund. The scheme would partly compensate for the possibility that the London insurance market will refuse to reinsure the fund in its early years. This is because of the potential size and uncertainty of the risks involved in compensating companies for their strikes.

Insurance brokers have told the CBI that it would need to build up the fund for some time and establish a track record for claims and pay-outs before underwriters could work out a realistic reinsurance scheme. Otherwise reinsurance would be extremely expensive.

This would mean that the scheme would start as a mutual fund, whose payments would come from its members' subscriptions, plus interest raised from investments.

An offshore fund would maximise the proceeds available for paying out. For this reason, the CBI has not rejected the idea out of hand, even though it might be criticised for avoiding UK tax.

An interim report on the work being done on the scheme by a working party, which includes London brokers, was published yesterday by the CBI. Further information will be given to the CBI's annual conference in Birmingham early next month. But the confederation will not make a final decision on whether to go ahead before the end of the year.

The main question still being tackled is what sort of strikes, go-slows and lock-out could be covered and how much compensation would be paid. The answer to this will govern whether companies decide to join any scheme.

Premiums would probably vary according to a company's strike record. Small companies, which generally have better labour relations than large concerns, would have preferential treatment. Short strikes, of perhaps 10 days or less, would probably not qualify for compensation.

Editorial Comment, Page 24
Jarratt report, Page 10

CONTENTS

For latest Share Index phone 01-246 8026

Unions in new talks on Times

By Christian Tyler, Labour Editor

THOMSON executives were last night anxiously considering the outcome of a meeting with print union general secretaries before taking a decision that will decide the fate of The Times and the Sunday Times.

Union leaders, led by Mr. Bill Keys of the Society of Graphical and Allied Trades had urgently asked to see Thomson executives in a desperate effort to prevent the board of Thomson British Holdings closing the two papers for good.

Lord Thomson of Fleet and his colleagues were due to make a decision later last night but it is unlikely to be announced until today. It follows the collapse of negotiations with the National Graphical Association.

Hopes that the fate of the papers was not yet sealed despite the deadline set by management were supported by a remarkable gesture from one of the Sunday Times print union officials, Mr. Reg Brady.

He offered earlier in the day to ask NATSOPA members in the Sunday Times machine room to go back to work for three months without the full new pay rises negotiated for them earlier this month.

His gesture was designed to give the NGA — determined to maintain its differentials over the NATSOPA members time to reach a final agreement.

But he criticised the NGA for "acting like lemmings" and predicted that closure of the papers could mean industrial action throughout Fleet Street.

Meanwhile, Times journalists sent off telegrams to four of the Times's independent directors urging that their prime duty was to "ensure the survival of our 194-year-old newspaper under independent and responsible ownership."

The telegrams were sent to Lord Roll, Lord Greene, Lord Dacre (formerly Professor Hugh Trevor-Roper) and Lord Robens.

● Production of the Evening News of London stopped for about an hour yesterday when 38 members of the National Graphical Association machine miners' chapel stopped work in protest about a comment, reported in the paper, that union negotiators at The Times talks were "foul mouthed."

NGA representatives demanded that the comment by Mr. Louis Heren, deputy editor of The Times be withdrawn. Mr. Louis Kirby, the Evening News editor refused but included a statement from an NGA official in later editions. It said any bad language came at least equally from management."

Background to Times talks, Page 8

EEC BUDGET SYSTEMS

Thatcher sets date for decisions

BY ELINOR GOODMAN, LOBBY STAFF

MRS. MARGARET THATCHER, in her strongest attack yet on the unfairness of the present EEC budgetary system, said yesterday that Britain was looking for decisions at the two-day European Council meeting on November 29 and 30 "and no later."

She could not, she insisted, "play sister bountiful" to the Community while her own electorate was being asked to forgo improvements in their standard of living. The present situation on the budget was "demonstrably unjust and political indefensible" and Britain could not be expected to accept it.

Delivering the Winston Churchill Memorial Lecture in Luxembourg, she also reaffirmed the need to maintain the credibility of the West's defence forces against the "deep seated challenge" to the West's way of life represented by the Russians.

At one point she seemed to be going further than some other NATO leaders in recommending not only the development of modern nuclear weapons but the deployment of them as well. She indicated she was fairly sceptical about Mr. Brezhnev's offer to withdraw some troops from Berlin.

The speech was billed as the first of a three part exposition of Mrs. Thatcher's thinking on world affairs. Much of it was on a philosophical plane but she also used it as an occasion for launching another volley in the Government's campaign to secure a reduction in Britain's net contribution to the EEC of £1bn in 1980.

The British Government, she emphasised, had no intention of allowing the present ceiling on the Community budget to be raised. Agricultural spending would have to be curtailed. Member states, she warned, had no obligation to maintain unchanged a policy, however important, whose financing had got out of hand.

Nevertheless, in spite of this hard line on the Community budget and agriculture, she re-

Continued on Back Page

Report sees four options

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission has completed a confidential report on the four basic ways it believes Britain's disproportionately large share of the European Economic Community's budget costs could be reduced.

The report could help break the EEC deadlock over the UK's demand that its contributions to and receipts from the Community's budget should be "in broad balance."

The analysis was requested by the last European Council and will help form likely Commission recommendations to the Dublin summit.

The Commission, which has discussed the report, will decide on October 31 its recommendation to the European Council in November. Because of internal disagreements, the Commission could forward all four options without backing any one.

The Commission document shows that the easiest solution is to adjust the existing "financial mechanism" for reducing disparities so that contributions would be based on the per capita gross national product of members. Since the UK's GNP is the third lowest of the Nine, this would help correct the imbalance. But the report points out that the major snag is that such a mechanism would greatly reduce the contributions Greece, Spain and Portugal make after they join the Community.

The report also looks at less radical changes to the financial mechanism such as removing some restrictions on the amount repayable to deficit countries. Its third option is the one the British Government proposed: A ceiling on the UK's total net contribution. Several European commissioners have already voiced objections saying it is rigid and alien to the spirit of the Community. Several EEC governments agree.

The fourth option is to sharply cut Britain's deficit by increasing Community expenditure in the UK. Although this matches the Community's aim of economic convergence within the Nine, it poses the insuperable problem of exhausting the Community's resources before the end of next year.

£ in New York

—	Oct. 17	Previous
Spot	$2.1505-1525	$2.1410-1420
1 month	0.09-0.04 dis	0.07-0.12 pm
3 months	0.04-0.09pm	0.39-0.44 pm
12 months	0.15-0.05 dis	0.10 dis-nil

British Caledonian plans low-fare European network

BY OUR BRUSSELS STAFF

BRITISH CALEDONIAN Airways is shortly to unveil plans for an ambitious network of low-fare services across Europe. Tickets will be bookable and there will be no conditions.

The independent UK airline will announce in Brussels next Monday details of cheap, no-frills scheduled services to 30 European cities as well as what it describes as "drastic discounts" on its existing routes between Gatwick and Brussels, Paris and Amsterdam.

The airline's move comes shortly after Sir Freddie Laker's announcement that Laker Airways is planning a low-fare network of 35 European destinations. But because Sir Freddie's scheme is dependent on his winning the right to fly major routes between continental capitals, British Caledonian's network between Gatwick and European cities is expected to come into service sooner.

British Caledonian hopes that negotiations on the new routes between the Department of Trade and other European governments will be concluded in time for the new "Mini-prix" service to start next spring.

The announcements by British Caledonian and Laker Airways are expected to be followed soon by comparable plans for low-fare European services from Britannia Airways and the newly formed Air UK group.

The push for new routes that will compete with the scheduled services of national flag carriers coincides with proposals by the European Commission in Brussels that air services be opened up to new competitors.

Earlier this week, British Airways and Air France revealed a £43 London-Paris fare that is £4 cheaper than the present lowest scheduled fare, but British Caledonian will be undercutting that substantially and Sir Freddie Laker has promised to match it with a fare that could go as low as only £21.

Nobel prize for poet

By John Walker in Stockholm

THE 1979 Nobel prize for literature was awarded yesterday to the Greek poet, Odysseus Elytis. To his countrymen, Elytis, aged 68, is known as "the poet of the Aegean sea."

The citation of the Swedish Academy said his poetry, written against a background of Greek tradition, depicted "with sensuous strength and intellectual clearsightedness modern man's struggle for freedom and creativeness."

Elytis, whose real name is Odysseus Alepoudhelis, was born in 1911 at Herakleion in Crete. After growing up in Lesbos, he moved to Athens.

Brussels air routes dream still far from realisation

BY GILES MERRITT IN BRUSSELS

SLASHING EUROPEAN air fares would be one of the few truly popular acts of the Common Market Commission in Brussels. In its present battered condition, beset by internal problems and suggestions that it is a "lame duck," the Commission badly needs political capital.

Yet plans by British Caledonian for a new "no frills" European network, or those mooted by Sir Freddie Laker for Euro-skytrains, have comparatively little to do with the Commission's own drive for a radical re-think of Europe's airline services.

Ironically, British Caledonian's attempt to loosen the grip of the national flag carriers on European routes underlines the strength of the existing system and shows that the Commission's dream of a Community network is still far off.

To receive authorisation for the new low cost services that British Caledonian wants to operate to 20 European cities, the British Department of Trade will have to negotiate bilateral agreements with other Governments on the airline's behalf. It is precisely the arrangement of interlocking bilateral deals between European countries that Brussels aims to break. It sees the cosy relationship between EEC Governments, each of which more or less owns its own national airline, as monopolistic and therefore responsible for high fares and limited service to the travelling public.

The Commission circulated airlines and Governments last July with a memorandum setting out the concept of multilateral air route agreements which it favours. The fundamental point is that once negotiations are taken out of the tight control of individual governments, it will be the Commission that exercises overall authority. But the objectives set out in the memorandum, starting with better services and cheaper tariffs and moving on to the opening up of the air transport system to new operators, are laudable enough. To sugar the pill, the Brussels document also holds out the prospect of financial aid for new aircraft purchases and the elimination of barriers that boost airport and operating costs.

There is also steel in the Commission's memo. For Brussels has the weight of the competition rules enshrined in the Treaty of Rome to fall back on.

If Europe's national airlines were all making a healthy profit there would be little room for argument. They are not, and although British Caledonian and Laker Airways insist that by avoiding unnecessary overheads they can operate profitably, the Commission is forced to proceed cautiously.

So far the pressure for an opening up of the European airline business has come chiefly from Britain. Apart from the unresolved question of Denmark's charter giant, Sterling Airways, which against its own Government's wishes has won the legal right to operate a cut-price walk-on service between Copenhagen and London, Laker and British Caledonian are accompanied only by Britannia Airways and the newly formed Air UK in the fight for new European routes.

If they succeed, however, other European operators are sure to follow. The Commission's view, in any case, appears to be that once its new régime is accepted, private airlines will rush to take advantage of the more relaxed rules. The EEC Transport Commissioner, Mr. Richard Burke, of Ireland, has hardened the tone of his proposals recently. In addition to championing the shake-up that would mean low fares, he has even talked of a compensation system for passengers who have been overbooked.

All is, nevertheless, far from plain flying. Sir Freddie Laker visited Brussels this week to explain to Mr. Burke how his scheme for using A-300 Airbuses to service 35 European cities would work. By all accounts Mr. Burke listened politely but was less forthcoming than might have been expected.

The reason is that Sir Freddie's plan involves the exploitation of what in airline jargon is known as the "fifth freedom." Under the terms of the Chicago Convention that freedom entitles carriers of a given nationality to fly between countries with which it has no connection. Air India's London-New York service is a rare example and the betting in Brussels is that any Laker attempt along those lines would be blocked on the grounds that it was so radical as to endanger the Commission's more modest new deal.

Air chaos threatens in Italy

By Paul Betts in Rome

THE ITALIAN Government held emergency talks last night to try to defuse an air traffic controllers dispute which could severely disrupt air travel in and over Italy from today.

The controllers, all of whom are air force personnel who volunteer for traffic control, have requested other duties. They are demanding civilian status since their air force wages are far lower than those of civilian personnel and controllers in other countries.

They are also claiming the right to strike which is denied them because of their military status.

If they resign, they could paralyse all air traffic in Italy and cause acute problems for the 90 international airlines which fly over the country.

The authorities said yesterday they did not expect all the controllers to stop work today, *but the situation could deteriorate* sharply if an agreement were not reached soon. They have already warned international airlines that their operations could be reduced by about 25 per cent from today.

Sig. Luigi Preti, the Transport Minister, confirmed last night that the Government intended to present a Bill to demilitarise air traffic control personnel, but such a measure would take time. The matter has been complicated by disagreements between *ministers and the civil and military* authorities.

U.S. bid to head off EEC fibres curbs

BY GILES MERRITT IN BRUSSELS

IN AN effort to prevent special EEC duties being levied on imports from the U.S. of synthetic fibres, Washington is to submit a detailed dossier on U.S. price levels to the European Commission next week.

The move follows disclosures that the Commission is considering measures that could include duties of up to 30 per cent to stem the flood of U.S. man-made fibres and petrochemical feedstocks into Community markets.

The surge of U.S. exports of these products results from the Carter Administration's price controls on oil and gas and from the depreciation of the dollar. Exports of synthetic fibres from the U.S. to the Community have risen dramatically this and major inroads have been made in the British and Italian markets.

Overall U.S. exports of man-made fibres were only $20m in 1977, and in the first half of 1979 reached $200m. The trend has accelerated during the second half of this year.

U.S. officials in Brussels concede the seriousness of the position and privately recognise that there is a strong chance of the Community being forced to impose countervailing duties.

Last month, following strong political representation by a number of EEC Governments, Washington claimed that the two-tier oil price advantage gave U.S. synthetic fibre producers a maximum gain of only 1-2 per cent of certain products. That assessment has now been substantially revised.

When Mr. Robert Hormats and Mr. Michael Smith, the Carter Administration's two trade representatives, visited Brussels last week they indicated that new calculations show the price advantage to be around 10 per cent. This is still below the level claimed by European producers, who put it between 15 per cent and 30 per cent, depending upon product.

The latest U.S. dossier is to be presented to the Commission in advance of the October 29 meeting of the Council of Ministers which is to consider action. It will probably be accompanied by a negotiating team empowered to discuss the precise schedule that Washington has prepared for decontrolling energy prices product-by-product.

The U.S. argument is understood to be that if the price advantage of cheaper energy and petrochemicals can be removed from man-made fibres in the comparatively near future, then it would be unnecessary for the EEC to risk triggering a trade war by imposing special duties.

Barre goes to hospital for general check-up

BY ROBERT MAUTHNER IN PARIS

FRANCE'S Prime Minister, M. Raymond Barre, was admitted to hospital yesterday for a general medical check and has cancelled all official engagements for the weekend.

The Prime Minister's spokesman said that M. Barre had not been taken ill suddenly, but had been feeling generally unwell and tired for the past few days. Although there was no particular cause for alarm, his doctor had advised him to have a general check to establish what was wrong. A bulletin would be issued as soon as the examination was complete.

M. Barre has had a heavy programme since the beginning of the week. He has taken part in official talks, late-night dinners and ceremonies for the visit of Chairman Hua Guofeng of China and has attended Cabinet and other meetings, as well as the budget debate in the National Assembly. During recent weeks M. Barre has had a series of long and arduous talks with trade union and employers' leaders.

Chirac attacks French budget as inadequate

BY ROBERT MAUTHNER IN PARIS

M. JACQUES CHIRAC, the leader of the Gaullist RPR party, has strongly attacked the Government's budget for 1980, which he claimed was entirely inadequate to deal with the present international and domestic economic situation.

M. Chirac, who has played the role of Trojan horse ever since his resignation as President Giscard d'Estaing's first Prime Minister in 1976, made no concessions to the fact that the coalition Government includes several prominent Gaullist ministers and depends on the parliamentary support of the RPR party.

In the National Assembly budget debate he castigated M. Raymond Barre, the Prime Minister, for failing to promote investment, thus preventing industry from adapting itself in an organised manner to the new conditions caused by the sharp rise in oil prices.

Failing an effective investment policy, M. Barre was doing no more than "administering unemployment," the Gaullist leader said. The Government's target for 1980 of an increase in gross national product of no more than 2.5 per cent could lead only to an aggravation of unemployment.

The unproductive and inflationary transfer of resources in the form of unemployment benefits would grow dramatically, he said.

M. Chirac rejected the Prime Minister's argument that the main reason for France's current economic difficulties was the large increase in oil prices since the end of last year. Expressed in constant francs, the cost of one tonne of oil imported into France today was still slightly less than it was in 1974, at the time of the first sharp rise in oil prices.

For a period of three years France had benefited from a fall in the real cost of imported energy and the main raw materials, but had failed to make use of the opportunity to expand the economy.

Among the measures to stimulate investment advocated by M. Chirac were the further revaluation of company assets, an increase in depreciation allowances and the greater availability of soft loans.

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EUROPEAN NEWS

France extradites Italian to face Moro charges

BY RUPERT CORNWELL IN ROME

SIG. FRANCO PIPERNO, the Padua University physics lecturers and a leader of the ultra-left "autonomist" movement, was yesterday extradited to Italy from France to face charges in connection with the kidnap and murder of former Prime Minister Aldo Moro.

His enforced repatriation sparked off violence near Rome University, where left-wing students held unauthorised meetings and then set fire to four buses. They were dispersed by police using tear gas.

Italian police had been searching for Sig Piperno ever since the wave of arrests in Padua last April—including that of Sig. Toni Negri, the sociology lecturer and intellectual mainspring of the autonomist movement, believed by police to have been one of the main organisers of the kidnap and murder of Sig. Moro crime in the spring of 1978.

The extradition of Sig. Piperno, exactly two months after he was arrested in a cafe in central Paris, means that magistrates investigating the case will be able to interrogate a suspect alleged to have been the main "link-man" between autonomist theorists and the Red Brigades terrorists.

The failure of the authorities to make public details of any charges against Sig. Negri, Sig. Piperno and the other suspects being held—apart from the broad accusations of "insurrection against the state" and "participation in armed bands"—has provoked a bitter controversy on the Italian Left.

The Communist Party (PCI) has expressed its full confidence in the investigating magistrates. But an influential group of dissident left-wing intellectuals has taken vigorous issue, claiming that the magistrates' onslaught against the autonomist movement was virtually at the behest of the PCI, anxious to stamp out a potential threat to its own standing.

The general expectation now is that a separate extradition request by the Italian authorities for Sig. Lanfranco Pace, another autonomist leader held in France, will also be granted next week.

● A Fiat foreman's car was set on fire outside his home yesterday in what an anonymous caller said was part of a campaign aginst the car company's dismissal of 61 employees, Reuter reports from Turin.

The caller told the national news agency ANSA that the "Communist Territorial Nuclei," a far-left group, was responsible for burning the car.

Fiat dismissed the 61 last week on the grounds that they had committed acts of violence and incited industrial unrest. Italian union leaders have called for a national two-hour strike at engineering plants next Tuesday in protest at the sackings. Another Fiat foreman's car was set on fire yesterday.

Union pact on French austerity in doubt

By Terry Dodsworth in Paris

THE FUTURE of the union pact against the French Government's austerity policy is still hanging in the balance following a week of widespread but somewhat sporadic disputes

Although the public sector strikes on the railways and in the electricity industry have been serious enough to draw out a strong condemnation from the Government, the two unions involved in the disputes are clearly not in complete agreement of their aims.

This division is particularly apparent in the electricity supply industry, where a series of lightning strikes have brought various degrees of chaos to both industry and the transport system.

These disputes, while widely supported by the Communist-led CGT, have been equally widely ignored by the left-wing CFDT, which claims that its rival union has given a "political" character to the walk-outs. By this accusation, the CFDT means that the CGT is trying to make capital out of the situation to put it in a better position for union elections next month.

On the railways, where the CGT-CFDT agreement is working harmoniously, more than half the train drivers have turned up for work. Main line traffic, where services have been reduced to about half during the last two days, is expected to return to normal at the weekend,

Another public sector strike in the postal service is also possible in the next few weeks. But the main question now is whether the disputes, along with private sector walk-outs at big companies like Renault and Thomson-Brandt, have been sufficiently supported to encourage steps towards national strikes next month.

UK Tory hints at action on lamb ban

BY ELINOR GOODMAN

FORMER LEADER of the Conservative group in Europe, Mr. Geoffrey Rippon, hinted yesterday that Britain might be entitled to take retaliatory action against the import of French agricultural products in the light of the French ban on imported British lamb.

Mr. Rippon now sits on the Tory back benches, but the fact that such a committed European should take this attitude, indicates the anger which the French Government's action has aroused among even the most enthusiastic supporters of the Community.

In a speech in Bristol, he repeated that, in his view, some new corrective mechanism needed to be negotiated in view of the burden now imposed on Britain by the Community budget. Such negotiations must be undertaken with "commonsense and good will."

But at the same time, he said, Britain should be firm in its attitude towards the "illegal French ban on imports of our lamb." This action was "totally unjustified."

The French Foreign Minister had made a great point of the importance of adherence to the law of the Community, said Mr. Rippon. In the circumstances he could hardly complain if Britain banned the import of French cheese

Meanwhile, Britain's Conservative Euro-MPs are to press for the adoption of a single site for the European Parliament. At a meeting in Paris yesterday the European Democratic Group—made up of 60 British Conservatives, three Danes and one Ulster Unionist—agreed to set up a working party charged with bringing forward recommendations before Christmas.

So far, the group have not yet solved the very delicate question of which site the Parliament should occupy.

Finnish outlook good

By Lance Keyworth in Helsinki

PROSPECTS FOR Finnish industry over the next six months are reasonably good, according to a survey by the Confederation of Finnish Industries. The forecast is based on the answers to inquiries sent to 400 of the confederation's member companies.

Only 5 per cent of those who replied see a worsening of the present situation, 17 per cent see an improvement ahead, and in the opinion of 78 per cent no change is anticipated. The metal and engineering, clothing and building industries are the most optimistic sectors,

Mr. Stig Hasto, the new managing director of the Confederation, said the situation is satisfactory, but he emphasised that the economy is already approaching the peak of the upturn and will begin to slow down in the middle of next year.

Havemann appeals

East German Marxist dissident Dr. Robert Havemann is believed to have appealed against an order which has barred him from leaving his home since Sunday, Reuter reports from West Berlin. No reason had been given for the new measures against the 69-year-old former chemistry professor.

SWISS GO TO THE POLLS THIS WEEKEND

Support waning for smaller parties

BY JOHN WICKS IN ZURICH

Switzerland goes to the polls this weekend to elect new members in the upper and lower houses of the federal Parliament. Partly because of the improvement in the Swiss economy since the last election in 1975, there are few burning political issues. Little change is expected in the essentially right-wing bourgeois composition of the governing Federal Council.

IN SWITZERLAND the Press and the boardings are full of propaganda for the weekend's general elections. Some 1,900 candidates are bidding for a total of 243 of the seats in the National and States Councils, the two houses of the federal Parliament. The four parties of the existing coalition and a multiplicity of others—from the National Campaign for Folk and Home on the Right to the Revolutionary Marxist League on the Left—have entered the ring.

Despite the flurry of political activity, nobody is very excited about what the Sunday-evening TV election spectacular will bring. Apart from the odd gain and loss, the outcome is generally regarded as a foregone conclusion.

Since 1919 four parties—the Social Democrats (SPS), the Liberals (FDP), the Christian Democrats (CVP) and the People's Party (SVP)—have received over three-quarters of the National Council votes. Twenty years ago the so-called magic formula was introduced whereby the governing Federal Council of seven ministers should be divided up in a ratio of 2:2:2:1 among the four parties, and this has held good ever since.

It seems unlikely that this will change in 1979, even although the smallest of the coalition parties, the People's Party, has suffered a gradual loss of voting support since 1951 and is rather nervous about its chances of remaining in Government. The result of cantonal election this year have strengthened the position of major parties, particularly the Social Democrats and the Liberals, with the Christian Democrats holding the field in their Catholic strongholds.

As always before Swiss elections, there has been some soul-searching among the Social Democrats as to whether they should remain—as the biggest single party in the country—a member of the bourgeois-weighted Cabinet. Also as usual, the decision is to stay.

It seems possible that less than one-half of the Swiss electorate will turn out at the weekend. There are no really serious political questions—like the foreign-worker problem in 1971 or the threat of recession in 1975.

Two national elections mean less in Switzerland than in most other countries. The country is, after all, not a parliamentary democracy, but a direct democracy. Local and Federal referendums, communal and cantonal government, play a very important role in the political life of the Swiss.

The outcome of the selection is likely to be a further weakening in the position of the smaller parties. The Independents with 11 National councillors and one States councillor one of the biggest of the non-coalition parties—have lost profile as a consumer party over the past 12 years.

The former "xenophobe" parties—the Nationale Aktion and the Republicans—have been unable to find a good new plank in their platform now that the foreign-worker question has become a non-issue.

The four coalition parties will probably obtain more than 80 per cent of the vote. The question is how this lion's share will be divided up. In 1975, the SPS recorded what passes for a landslide in Switzerland by increasing their number of National Council seats from 46 to 55 of a total 200, thus regaining from the Liberals the place at the top. The FDP themselves booked a fall from 49 to 47 and the SVP from 13 to 11 seats, while the CVP — moving to the Left oftheir traditional Catholic conservative stance — improved their presence from 44 to 46.

There are indications that the Social Democrats might not do quite so well this year. This is partly because of the general improvement of the Swiss economy since 1975. Numerous SPS voters have moved into the "don't know" camp.

The FDP are optimistic about improving their position. They have been showing themselves more "conservative" recently, a move which might well prove more acceptable to an electorate whose referendum record has of late also taken a turn in the same direction.

By the same token, the more progressive image of the Christian Democrats may lose them some votes — even although many Catholics will still choose them for denominational reasons, just as many Protestants vote Liberal or People's Party. The latter group, whose main support comes from Berne Canton and rural voters, may find it hard to reach the 10 per cent share.

Whatever happens in the National Council—which is the equivalent of the U.S. House of Representatives, the Swiss having chosen the American model last century—the States Council (Senate) will definitely remain a bourgeois stronghold.

States councillors, are elected directly throughout the country. Because of the traditional alliances of the non-Socialist parties, the SPS has never had much of a look-in. At the last election as many as 17 and 15 seats, respectively, of the then 44 seats (now 46 due to the creation of Canton Jura) were held by the CVP and the FDP, only five each going to the Social Democrats and the SVP. Not much change is possible here, certainly not to the extent of turning the States Council into an assembly of a different political hue.

Thus the continuation of a firm bourgeois majority in both chambers is a certainty. Since the Federal Council is elected by the Federal Assembly (a joint session of both houses), it is thus certain that Swiss government will stay what in other countries would be considered Right-of-centre.

China warns West over Vietnam 'aggression'

PARIS—Mr. Huang Hua, the Chinese Foreign Minister, said yesterday there would be very grave consequences for world peace if the international community permitted Vietnam to enjoy what he termed its aggression in Kampuchea.

The Foreign Minister set out China's policy on Indochina at a news conference during the official visit to France of Chinese leader Hua Guofeng.

Aasked whether China was contemplating a second military incursion into Vietnam on the lines of the operation last February, Mr. Huang said his country never acted lightly but always after careful reflection.

But he denounced Vietnam as an "Eastern Cuba." The Foreign Minister said: "China cannot permit Vietnam to reign as absolute master in Indochina and be like Cuba in Africa."

Mr. Huang, taking the place of Chairman Hua at the news conference, said the Chinese leader was indisposed and was resting on medical advice.

Chairman Hua has had a packed programme of speeches, public appearances, banquets and private talks with President Valery Giscard d'Estaing. He was later leaving for a two-day tour of Brittany.

Mr. Huang said the key element of any solution of the Kampuchean conflict was that Vietnam must first withdraw

But the Vietnamese were trying to occupy the whole of Kampuchea and refusing to withdraw. Therefore a political solution in these circumstances was unrealistic.

The Chinese Foreign Minister said the Soviet Union had given "energetic support" to Vietnam in efforts to establish an Indochinese federation.

"The Soviet Union is trying to link its military dispositions in Indochina with those in the Red Sea, the Gulf, and the Indian Ocean in order to strengthen its military posture." Reuter

Sanctions on Chile 'being considered'

President Jimmy Carter's Administration is considering a range of sanctions against Chile in retaliation for Santiago's refusal to extradite three people indicted in the 1976 murder of Sr. Orlando Letelier, the Socialist leader, according to State Department officials, AP reports from Washington.

The State Department has been discussing a series of options, but the Administration is not expected to make a final decision until the end of the week, they said.

The Washington Post reported yesterday that Mr. Cyrus Vance, the Secretary of State, has already tentatively decided to cut off U.S. aid to Chile, and to recall some of the U.S. Embassy staff there. The newspaper said Mr. Vance's decision will include most of the sanctions the U.S. could apply against Chile short of breaking diplomatic relations.

Mr. Mark Sawoski, the State Department spokesman, refused to confirm the options mentioned in the Washington Post story, and emphasised that "the deliberations have not yet been completed."

Such a move could put considerable pressure on the Government of Gen. Augusto Pinochet.

Senate passes petrol rationing legislation

THE U.S. Senate, late on Wednesday, voted 77-18 in favour of legislation which will allow President Jimmy Carter to order petrol rationing during any future oil crisis, subject to a Congressional veto, Reuter reports from Washington. Because the veto would require a two-thirds majority, rather than a straight vote, the Senate decision was seen as a victory for President Carter, and a boost for his energy programme. The Bill will now go to the House, where it is also expected to be approved.

SALT-II survives 'killer' amendment

The SALT-II strategic arms treaty has survived its first "killer" amendment but others are certain to follow as the Senate Foreign Relations Committee subjects the pact to microscopic examination, Reuter reports from Washington. The "killer" amendment would have forced President Jimmy Carter to reopen negotiations with the Russians, which Moscow has said it would not do. It would have included the Soviet "backfire" bomber in the total of strategic weapons the treaty allows.

Guantanamo Bay manoeuvres begin

Some 1,800 U.S. Marines burrowed into the muddy, cactus-filled hills around U.S. military base at Guantanamo Bay, in Cuba, to begin a month's manoeuvres and training. Over the next few days they will build defensive pillboxes and outposts, practice river crossing, and take part in air and ground manoeuvres within sight of Cuban patrols.

Carter loses Taiwan treaty case

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE NEXT stage of the normalisation of relations between the U.S. and China faces delay if a Federal Court ruling is not overturned by January 1.

The U.S. Government is expected to lodge an immediate appeal against Wednesday night's court ruling that President Jimmy Carter had exceeded his authority in proposing to terminate the defence treaty with Taiwan without consulting Congress.

If the verdict is not overturned by January 1, when the treaty is due to lapse, the Administration's continued ability to implement the next stage of normalisation of relations with the People's Republic of China would be in grave doubt.

It is by no means uncommon for opponents of Government policy to achieve success in the lower courts, only to lose at higher levels. In the case, the Administration has the option of going to a Federal appeals court and ultimately to the Supreme Court to seek a reversal. It could go directly to the highest court.

In his ruling, Judge Oliver Gasch, of the Federal District Court, determined that the President does not have the unilateral powerto abrogate treaties, because Congress has a say in foreign policy. Under the constitution, a two-thirds vote of the Senate is required to ratify treaty agreements with foreign powers, but the Administration has argued that abrogation is a different matter entirely.

The Administration's case was that the 1954 mutual defence treaty with Taiwan specifically empowered either party to abrogate the treaty on presentation of one year's notice. Peking had made such action a condition of normalisation of relations.

The law suit against abrogation was brought by Senator Barry Goldwater, the Arizona Republican, and some two dozen other senators opposed to the detente with Peking and diminishing ties with Taiwan.

Blumenthal expounds his law

By David Lascelles in New York

LIKE MANY businessmen summoned for duty by the White House, Mr. Michael Blumenthal never felt at home in Washington. During his 30 months as Treasury Secretary he made no secret of his distaste for the way America runs itself, and particularly about what he called the gulf between the image and reality of U.S. politics. But, top government official that he was, he had to temper his sharper comments with circumspection.

Today, Mr. Blumenthal is free of those constraints. A victim of Mr. Carter's mid-summer purge, and chairman-elect of Burroughs Corporation, the large electronics company, he is back in the business world, and able to speak more openly about his former job.

What concerns him least, it transpires, is the abrupt manner of his departure from the Administration. It can all be explained, he says, by Blumenthal's law, which states: "When the President's popularity in the polls and the prime rate converge, it's time for the Treasury Secretary to leave." And so he did, just as the two were meeting in the mid-teens.

What concerns him more is the way government works, or does not work.

His basic thesis is blunt: "The people running the major economies of the world don't know what they're doing." This is not intended to be a criticism he hastens to add. It is more an indication of the complexity of government, and the poor quality of the advice and information national leaders get from their staffs.

"Of all the economic projections we got on growth and unemployment—and we consulted a wide spectrum," says Mr. Blumenthal, "not a single one turned out to be right."

The Administration was unable to predict the country's "abysmal" productivity performance (which is now slipping after years of growth), or the impact of tax changes. In fact, when the Government moved to cut capital gains tax a couple of years ago, none of the changes which had been predicted in Wall Street came about, he said.

The presidential selection process is "abysmal," with its emphasis on image rather than reality. Special interests paralyse the system, and no-one has enough power or authority to grapple with the pressing problems of inflation and energy.

Wider financial role outlined for Rio by banker

BY DIANA SMITH IN RIO DE JANEIRO

RIO DE JANEIRO'S effort to become a major international financial centre was given a sharp stimulus this morning by the Government, which had hitherto been lukewarm toward the city's ambitions. The new thinking was disclosed by Sr. Oswaldo Colin, president of the Bank of Brazil, to 300 Brazilian and foreign businessmen on the second day of the Financial Times conference on "Brazil—the Outlook for the 1980s."

FINANCIAL TIMES
BRAZIL
THE OUTLOOK FOR THE 1980s
CONFERENCE

Sr. Colin said: "The objective would be the expansion of the present boundaries of the world financial market through the installation of national and foreign institutions in Brazil dedicated to the exclusive practice of offshore financing, offering new business opportunities to large international investors."

"Besides acting as a point of entry of this capital into the Latin American continent," Sr. Colin said, "the creation of the Rio-dollar will also provide international businessmen with more precise knowledge of the present stage of Brazilian development, and the immense potential of the economy."

In a late afternoon speech on the first day of the conference, Sr. Ernane Galveas, president of the Central Bank, which shares the status of monetary authority with the Bank of Brazil, gave an account of the sums raised through foreign loans to fund Brazil's development between 1974 and 1981.

According to Sr. Galveas, about $30bn is for investment in major projects: $3.3bn in paper and pulp, $2bn in fertilisers, $2.2bn in non-ferrous metals, $16.5bn in steel, $3.5bn in petrochemicals, and between $3bn and $4bn in the capital goods sector.

To Sr. Galveas, the common characteristics of these projects is a high rate of return on the balance of payments, either by replacing imports or by generating foreign exchange through exports. Sr. Galveas also said that by the end of this year the gross foreign debt should be about $48bn, with foreign reserves of $10bn.

Brazil's potential as a partner for Europe was described yesterday morning by Sig. Manfredo Macioti, who heads the European Community delegation in Venezuela: "The Community," Sig. Macioti said, "is determined to pay more attention to the Latin American continent, where Brazil is by far its biggest partner . . . the two parties will start negotiations towards a wider agreement for commercial and economic co-operation. This should provide a flexible framework within which public and private partners can interact across the Atlantic in such areas as trade, investment, raw materials, technology and scientific research."

Sig. Macioti said: "The Community in three significant ways: first of all by expanding trade even at the risk of continuing to run a sizeable deficit in its balance with Brazil; secondly, by stimulating a continuing flow of loans and direct investments, and thirdly by analysing technology exchanges."

Sig. Macioti believes the economic links between Brazil and Europe will strengthen. "This," he said, "can only be to the advantage of both partners and to the advantage of the stability and dignity of the world."

Mr. Hugh O'Shaughnessy, Latin American Correspondent of the Financial Times, spoke of the political ties between Europe and Brazil: "The possibility of a long-term political friendship with Brazil is only possible because there are unmistakable signs that Brazil is moving towards real democracy . . . As long as political development towards democracy continues in this country, there should be an increasing sympathy and acceptance of closer relations with Brazil in Europe. Conversely," he added, "if by some unhappy mischance political development here is slowed down or aborted, one can imagine that European willingness for a political relationship with Brazil would just as quickly evaporate."

Kennedy campaign to take next step soon

BY OUR U.S. EDITOR

SENATOR Edward Kennedy will establish an exploratory Presidential campaign committee, possibly as early as next week, his press secretary announced yesterday.

This is a major step on the road to a formal declaration of candidacy—especially since the Massachusetts Senator has himself authorised the creation of the committee, to be headed by his brother-in-law, Mr. Stephen Smith.

The assorted "draft-Kennedy" movements that have sprung up around the country will be brought under more professional control, as will necessary fund-raising efforts.

The reason for the move, and its timing, reflect two principal factors. In spite of his protestations to the contrary, it is clear that Mr. Kennedy was disappointed by last weekend's Florida caucuses, which President Jimmy Carter appeared to have won and in which the organisational talents of the Carter team contrasted favourably with the "irregulars" working for the Senator.

However, Mr. Kennedy also wishes to avoid any embarrassing confrontation with the President at what is, for both men, a symbolically important event this weekend—the dedication in Boston of the John F. Kennedy presidential library, which Mr. Carter is due to attend.

It is still not clear when Mr. Kennedy will make his candidacy irrevocably official, though few doubt that he will delay for more than a month or so.

Meanwhile, the Republican front runner, former California Governor Ronald Reagan, will announce his candidacy at a fundraising dinner in New York on November 13. Mr. Reagan's purpose in choosing New York over Washington is to underline the importance he attaches to winning the State's primary election, where he has always done badly in the past.

THE WAY AHEAD FOR MISSISSIPPI

Poor but attractive to investors

BY DAVID BUCHAN IN JACKSON, MISSISSIPPI

"THANK GOD for Mississippi" is the sentiment of several poor U.S. states who, but for Mississippi, might find themselves in the invidious position of bottom place in the nation's wealth league. Income per head in this Deep South state last year amounted to $5,528, just 70 per cent of the national average.

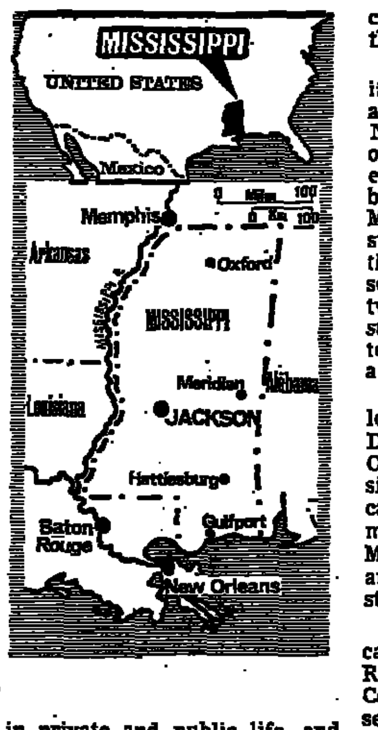
How then will the poorest state in the union fare in the current economic recession? Not too badly, because it has less far to fall, in the view of Mr. Gil Carmichael, Republican candidate in this autumn's closely-fought race for governor. "By not being a partner in that wasteful economic era of the 1960s and early 1970s (when expansion depended on cheap energy) we suffer less of the loss."

This is partly sour grapes. But Mississippi will also get some shelter from the increasing diversification of its industrial sector in recent years—even in the last 1974-75 recession its unemployment rate stayed a bit below the national average.

Its demography will also help. Jackson, its capital, has a population of only 180,000. Yet it is the biggest city in this state, which still has plantation-style estates in the rural Delta.

Relative povery, if taken with more positive factors, can be turned to good effect, or so Mississippi state officials believe. They proudly point to a recent national survey by the Alexander Grant accounting company showing their state comes out top in terms of its potential attractiveness to investors.

Factors that give Mississippi this rating are that it has the third lowest wage rates and the fourth lowest proportion of union membership (12 per cent) in the country. Like many Southerners, most Mississippians, Republican and Democrat, dislike unions. Unlike other states, Mississippi has gone so far as to enshrine in its constitution a "right to work" law, banning closed union shops.



As elsewhere, the state "usury" laws, that set interest rate ceilings now well below levels to which the Federal Reserve has pushed market rates, are drying up sources of lendable money. Mr. Caraway also notes with disappointment the performance of Mississippi's Brussels office in whipping up European investment in the Deep South state.

Both Mr. Carmichael and Mr. William Winter, his Democratic opponent, push the need for more, better paying, jobs requiring higher skills, for Mississippians. It would be surprising if they did not. Mississippi still smarts under the feeling it is a "branch" state. Companies like Dupont, Packard Electric, Weyerhauser come and set up plants, but never headquarters.

Clearly, whoever wins the gubernatorial contest on November 6 will need to redouble the state's development efforts, as well as taking account of less tangible factors not fed into the Alexander Grant computer.

Mississippi has left the violent racism of the 1960s far behind. Blacks (37 per cent in the 1970 census) and whites now work with apparent smoothness in private and public life, and the state fields multi-racial delegations to presidential conventions.

But some observers here see in the recent resurgence of Ku Klux Klan activity in the north-east part of the state, spilling over from neighbouring Alabama, enough to awaken memories of an earlier and nastier reputation for the state.

Mr. Winter and Mr. Carmichael further agree that Mr. Cliff Finch, the retiring governor, has fallen down badly on his job. Three public officials have now been indicted on charges mostly connected with the handling of federal funds.

It will of course be an upset if Mississippi does not get another Democratic governor. No Republican has held the office since the Reconstruction era following the Civil War. A belated entrant into the race, Mr. Winter has come through strongly as a late favourite—though as a past holder of several minor state offices and twice (1967 and 1975) an unsuccessful gubernatorial contender, he can hardly be termed a dark horse.

But Mississippi has moved a long way from the one-party Democratic state it used to be. On the national level, Mississippians now vote for Republican presidential candidates far more often than not, ever since Mr. Barry Goldwater took an amazing 87 per cent of the state vote in 1964.

With the option of Republican Right-wingers like Mr. Ronald Reagan or Mr. John Connally next year, the state seems certain to foresake President Carter, who won Mississippi by only 1 per cent in 1976, while Senator Kennedy is anathema to its white voting majority.

Virginia apart, Mississippi is now about the most Republican of southern states, with one Republican senator already and the prospect of another when Senator John Stennis's seat comes up in 1982, and two Republican Congressmen out of five. Even if Mr. Carmichael loses the governor's race, prospects for further inroads by the tightly-organised Mississippi Republican Party are good.

Civilians join new junta

SAN SALVADOR — El Salvador's new military rulers, faced with violent left-wing opposition, yesterday named three civilians for their junta in an effort to broaden their power base.

Sr. Roman Mayorga, a former university rector, who is now a member of the Junta, said yesterday: "You will see how the human rights situation will change compared with the former government."

Sr. Mario Andino, a businessman and Sr. Manuel Guillermo Ungo, a moderate left-wing politician, are the other two new Junta members.

The extreme left-wing groups claim that the new Government is a continuation of the authoritarian rule of Gen. Carlos Humberto Romero, the right-wing President who was ousted in a bloodless coup four days ago. Reuter

ENERGY REVIEW: U.S. OIL AND THE BEAUFORT SEA LEASE SALE — **BY RAY DAFTER, recently in Alaska**

The eagerness of the exploration companies

THE PROPOSED sale of valuable oil exploration leases in Alaska's Beaufort Sea which is currently generating a good deal of excitement in the international oil industry, is a further welcome sign that the U.S. is gradually coming to grips with a fundamental problem in its shaky energy policy.

Oil accounts for some 47 per cent of U.S. energy needs. The country's insatiable thirst for oil is a major factor behind the tightness of world supplies and the consequent rise in prices. For the U.S. has to import almost half of the oil it uses.

The problem is that oil companies operating in the U.S. have been unable to keep pace with the rising demand. Domestic proven oil reserves have been dwindling at a constant rate ever since the late 1950s when they stood at over 60bn barrels. True, the reserves were given a boost in 1968, with the discovery of the 9.7bn barrels Prudhoe Bay field in Alaska, but they have continued on the normal pattern of decline since then. Last year they stood at 33.7bn barrels—enough to last barely a decade at current production rates.

The industry, in drawing attention to this disturbing trend, has repeatedly called for new exploration areas to be opened up. Such action is now being taken. This spring the Department of the Interior outlined a tentative leasing programme extending into 1985 and averaging five offshore sales a year. The emphasis will almost certainly be on the Gulf of Mexico and Alaska.

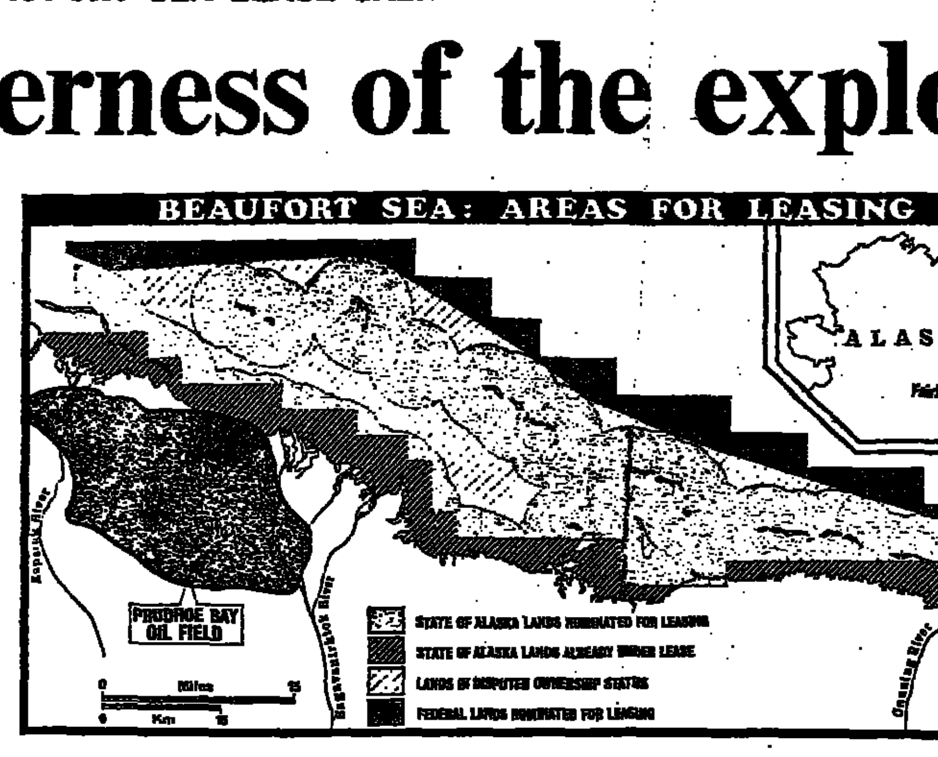
A few months ago companies showed their eagerness to begin further exploration work by successfully bidding $1.26bn for 88 tracts in the western and central Gulf of Mexico. It was a record sale for the Gulf illustrating, according to Dr. Philip Oxley, senior vice-president of Tenneco Oil Exploration and Production Company, that "good exploration opportunities are very difficult to find these days."

The urgency with which the U.S. needs to find more oil is underscored by last year's results: while some 3.2bn barrels of domestic crude oil were exploited only 1.3bn barrels of additional reserves were found and proved. And yet President Carter has pledged that future oil imports will not exceed 8.5m barrels a day (3.1bn barrels a year).

As time goes by, so it becomes more difficult for the industry to make up its lost ground. Mr. John O'Leary, who has just resigned as Mr. Carter's deputy energy secretary, told European energy journalists last week that for the U.S. to raise its oil production to 11m barrels a day by 1985 the industry would have to begin immediately finding twice the level of reserves discovered annually in recent years. The odds of this happening were "negligible," he said.

That said, the industry is unusually optimistic about the chances of finding large new oil reservoirs close to Prudhoe Bay in the Beaufort Sea. The Federal and Alaskan State governments are expected to offer for a December allocation some 186 offshore blocks, covering about 514,200 acres. These blocks will be outside of the areas still being contested by both federal and state governments.

The drilling prospects are so bright that the successful bids from exploration companies could pass the record $2bn mark. This estimate was given by Mr. Robert Le Resche, Alaska Resources Commissioner. This level of risk capital could be attracted if the terms of the sale were based on the initial payment of a straight bonus with only a minimum royalty due to the governments from any oil found and produced. The bids could be much lower if, instead, the State and Federal authorities decided to opt for a much higher royalty payment or a share of the industry's net profits. Details of the drilling, production and tax terms are due to be announced next month.



Statistics show that normally when the oil industry is given access to a new, previously unexplored sedimentary basin in the U.S. the chances of an exploratory well making a discovery is about one in 17. In the Alaskan Beaufort Sea the odds are very much shortened as a result of both the proximity to the Prudhoe Bay reservoir—the biggest oil field in the U.S.—and a number of successful wells already drilled offshore.

During the past four years 14 wells have been drilled in shallow waters, many of them in Prudhoe Bay itself. The operators of these wells give an indication about the companies that are likely to be bidding most strongly in the lease sale.

No less than half of the wells were operated by Standard Oil of Ohio (Sohio), and its UK parent British Petroleum. These companies already have a major stake in the Prudhoe Bay Field and the 800-mile Trans-Alaska Pipeline which carries the Prudhoe oil to the tanker terminal at Valdez. Atlantic Richfield (three wells), Exxon (two) and Union have also extended their Prudhoe Bay Field interests into the Beaufort Sea. In addition, in April this year Sohio—as operator for eight companies—completed a geological test well at Reindeer Island.

Not surprisingly, companies are holding the information gained from this drilling exercise close to their chests. It should give them a distinct advantage when they come to bid in December. But it is known that the wells confirmed the existence of oil and gas reservoirs offshore.

Mr. Roger Herrera, Sohio's Beaufort Sea exploration representative, reckons that the area on offer contains some of the best unexplored acreage in the U.S. The theoretical potential of the area is "extraordinarily high," he says.

There is already a good deal of evidence to support this view. First, the offshore wells so far drilled indicate that the geological structure close inshore—inside the string of Barrier Islands—is similar to that in the Prudhoe Bay Field. Most of the wells have confirmed the presence of hydrocarbons.

Further offshore, companies encounter a younger geological formation, one which has so far been evaluated only by means of seismic tests. But the information so far gathered indicates that this area could be linked by a geological trend to the promising oil reservoir discovered last month by Dome Petroleum.

Dome created its own wave of excitement with the breakthrough find. Its exploration well, drilled 60 miles offshore in Canada's portion of the Beaufort Sea, tested an oil flow of over 6,000 barrels a day although independent consultants retained by Dome said that a flow of around 12,000 could have been sustained. For Dome it was the high spot in a drilling programme begun in 1976; for the industry it was proof that Canada's Beaufort Sea could contain fields which might be exploited to halt the decline in the country's oil production.

Mr. John P. Gallagher, chairman and chief executive of Dome, gave his own impression of how offshore discoveries in these bitter cold latitudes could transform the oil reserves of both Canada and the U.S. when he addressed energy analysts in London this week.

He put Canada's potential reserves of conventional crude oil (quite separate from the abundant tar sand resources) at 90bn barrels, much of it in the Beaufort Sea and offshore the east coast. That figure should be seen in the light of a proven reserve assessment for Canada of only 8.3bn barrels.

A similar optimistic picture was painted for the hydrocarbon potential of Alaska. Mr. Gallagher estimated the potential reserves of oil and gas (in oil equivalent terms) was 160bn barrels of which 70bn barrels could be on the North Slope and in the U.S. portion of the Beaufort Sea, 70bn might be in Western Alaskan offshore basins, 16bn in the Cook Inlet and the Gulf of Alaska and 4bn in onshore sedimentary basins. Mr. Gallagher's assessment of potential is several times larger than the proven reserves of the whole of the U.S.

It should be emphasised that Mr. Gallagher was not only giving an estimate of potential reserves—an assessment of what eventually might be found, compared with the more normally quoted proven reserve figures—he was also including gas reserves in his total. It was this sort of calculation that led to last year's mistaken assessment that Mexico's oil reserves were as big as those in Saudi Arabia.

Even so, it cannot be denied that the Beaufort Sea holds great promise. Mr. Gallagher said that seismic tests in Alaskan waters alone had revealed 10 prospective structures, a number of which were as large as Prudhoe Bay in area.

Not that companies expect to find fields as big as Prudhoe Bay in the Beaufort Sea. Prudhoe is regarded as unique; after all, it does account for more than a third of all the proven oil reserves in the U.S. Even the field's gas—so far unexploited—represents some 12 per cent of the country's reserves.

According to the U.S. Geological Survey there is a 50-50 chance of oil companies finding a total of 750m barrels of recoverable reserves in the lease area (an estimate regarded as much too low by many in the industry). Even if this estimate proves to be correct, exploration drilling should confirm the presence of several new oil fields, all of which will require novel development schemes.

Mr. Herrera pointed out that two years ago a single discovery in the Beaufort Sea would have had to have been at least 500m barrels to have been a commercial proposition. Now, thanks to higher prices and improved technology, it is reckoned that a field of even 100m to 200m barrels could be commercially attractive.

Ice is the problem. In order to protect exploration and production wells companies must either construct gravel islands where the activity is close to shore or build large concrete, cone-shaped structures in deeper waters.

But it is not the technical aspects which are causing prospective bidders the most concern; it is—as is so often the case—political and environmental pressures. There seems to be two particular stumbling blocks.

First, environmentalists are worried about the impact of drilling, particularly the noise, on the bowhead whale, an endangered species which emigrates up and down the Beaufort Sea. Companies have been told that they will be allowed to drill only for five months of each year: November 1 to March 31. Companies point out that a single well might take considerably more than five months to complete so they are asking for an extension of the drilling "window." They argue that the drilling season should be extended in spring when the whale traditionally swims much further away from shore than in the autumn.

Secondly, there is some concern that the sale could be held up by legal action of the 4,000 native population of the North Slope Borough. The Borough has the responsibility of protecting the Beaufort Sea shoreline and it may see cause for environmental opposition.

Mr. Le Resche is confident that the Federal and State Government would win any lawsuits. Since 1974 the Beaufort Sea lease sale has been postponed four times because of environmental and political pressures. This time, he says, the chance of a postponement is "only 10 to 30 per cent."

It is not only a case of the U.S. needing the oil. Alaska will want the revenue. Even if exploration did start quickly it would be about nine or 10 years before the first fields were fully evaluated and developed. By then the output of Prudhoe Bay could be in decline. That is not a happy prospect for either the oil-thirsty U.S. or for the State of Alaska which now receives 70 per cent of its unrestricted revenues (over $1bn a year) from oil and gas. Prudhoe Bay provides 95 per cent of those oil and gas taxes and royalties (about $762m this year). It will be interesting to see whether the Beaufort Sea yields such handsome oil riches for the 400,000 hardy souls of Alaska.

Early rise in Japan discount rate expected

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

AN INCREASE in Japanese discount rate within the next month or so appears almost inevitable following recent price and exchange rate movements.

Japan's wholesale price index was 12.6 per cent up on the level of the previous year at the end of September after rising by 1.4 per cent during the month. The index seems almost certain to put on another sharp rise during October, reflecting the impact of the weakening yen exchange rate on the prices of imported raw materials.

Publication of the October wholesale price figure next month might well provide the Bank of Japan with the justification it seems to be seeking for another rate increase.

The sharp decline in the yen's value during the last few days could in itself be seen as a reason for increasing Japanese interest rates, but the Bank of Japan has never yet altered the discount rate solely in response to foreign exchange market fluctuations.

Japan's discount rate is currently 5.25 per cent, a phenomenal 6.75 per cent below the U.S. Federal Reserve's discount rate after its latest increase. The gap between U.S. and Japanese interest rates has been causing an outflow of short-term capital from Japan, although this has not yet shown up clearly in official statistics.

Roughly 60 per cent of the $1.7bn worth of net long-term capital outflow that occurred in September represented an outflow of short-term funds from the Tokyo bond market resulting from the failure of foreign investors to reinvest after the maturing of repurchase agreements.

Officials at the Economic Planning Agency believe that funds have continued to flow out of the bond market during October for the same reason.

Japanese business leaders have until recently opposed any further increases in discount rate, which was raised twice earlier this year, on the ground that higher interest rates could damage economic recovery.

This attitude appears to have undergone a change judging by a statement yesterday from the president of the Japan Chamber of Commerce and Industry, Mr. Shigeo Nagano. He said that the Bank of Japan might have to raise the discount rate to combat inflation.

Botswana test for democracy

By Quentin Peel in Johannesburg

One of the few surviving parliamentary democracies in Africa will be put to the test tomorrow when 300,000 registered voters in Botswana go to the polls in simultaneous presidential and *parliamentary elections.*

The greatest threat to the ruling Botswana Democratic Party of Sir Seretse Khama, which holds all but a handful of the 32 seats, is not defeat at the polls, but apathy among the electorate, which has voted in ever-decreasing numbers since independence in 1976.

Nevertheless, Sir Seretse is facing the most coherent challenge to his rule to date from the leftwing Botswana National Front, whose leader, Dr. Kenneth Koma, is the only other presidenttial candidate.

In spite of enviable economic growth since indepednence, and buoyant Government revenues, the bulk if the 790,000 population are suffering an economic squeeze.

Drought and foot and mouth disease have both hit the cattle industry.

A continuing flow of refugees from South Africa, Rhodesia and Namibia has brought with it demands for Sir Seretse's Government to adopt a more hostile attitude towards tahe neighbouring states.
ing states.

Both sources of discontent have been exploited by the opposition, although Dr. Koma admits that he does not expect to win the present election.

TUNISIA PREPARES FOR ELECTIONS

Bourguiba's vigour masks party failings

BY FRANCIS GHILES AND ANTHONY McDERMOTT

TUNISIANS GO to the polls at the beginning of next month to elect the members of the National Assembly. The difference this time is that they will be given a choice of two candidates for each of the 112 seats. But, in practice, this apparent liberalisation will not lessen the domination of the only party, the Destour Socialists, particularly as opposition politicians have decided not to put forward candidates.

Overshadowing these events is the improved health of President Habib Bourguiba after six years of often grave illness. It shows in the number of appointments he undertakes daily. On television, he comes across as walking a little woodenly, the chest charcteristically thrust out, but alert and following with sharp interest what is going on.

It showed, too, in the way he registered his displeasure at the way the party congress was run in September—by dismissing Mr. Abdallah Farhat, the Defence Minister and a key Cabinet member. It showed again in the way he trimmed the influence of Mr. Hedi Nouira, prime minister since 1970 and his constitutional successor, by dismissing two of his closest advisers, Mr. Hedi Baccouche, and assistant director of the party, and Mr. Mahmoud Triki, the head of Tunis-Afrique Presse, the national news agency.

In spite of President Bourguiba's improved health, Tunisia faces the classic dilemma of how to carry on after the founding father has gone. In the view of most observers, the transfer of power to Mr Nouira would be smooth and his control assured as long as the economy does not run into difficulties.

Keeping pace

But what remains unresolved, and indeed postponed while the President—"the Supreme Combatant"—is in good form, is the evolution of the Destour Socialist Party into a more broadly responsive organisation, keeping pace with the development of the country and with more obvious appeal to the younger generation.

There is a risk that the President's return to health may be used by politicians within the party and in the unofficial opposition as an excuse to avoid deep study of the party's role and its ability to appeal in particular to the young—for half of Tunisia's population is under 20.

At the congress, Mr. Bourguiba, now 76, peppered his 40-minute speech with the kind of wit and sharp comments that his fellow Tunisians had forgotten he could wield.

President Bourguiba—showing all his old combative flair.

By contrast, Mr. Nouira's five-hour speech was a dour affair, reflecting the convictions of an intelligent, basically technocratic politician with a strong streak of conservatism. His analysis of the economy was extensive and adept. But on the political front he denounced all opposition groups and claimed that political pluralism was dead.

President Bourguiba, however, had evoked some interest among the opposition by using words which they took as a hint that the party might be opened to them.

There was little real debate during the congress, and, in general, there is a curious silence about the bloody riots of January 1978 which accompanied a one-day strike called by trade unions leaders and which left scores of dead in the streets of Tunis.

The "events," as they are inevitably called, tend to be interpreted now as a crude bid for power led by Mr. Habib Achour, the then head of the congress of trade unions (UGTT). He was later sentenced to 10 years in prison, but on August 3 was released to house arrest.

There is little doubt that one of Mr. Achour's motives was to prove that the UGTT was a more influential and powerful organisation than the party. But the background of the rioters indicated that the young, the unemployed and the under-employed (the current rate is about 13 per cent of the active population) were ready material for disorder.

The authorities today face no open challenge. This is partly because the most obvious opposition, social democrats like Ahmed Mestiri, Beji Caid Essebsi (both ex-interior ministers), and Hassib Ben Ammar (an ex-defence minister) have all in one way or another served in the Destour Socialist party or the Government and are all "Bourguiba's boys"

The weakness of the ruling party is not to recognise that in Tunisia's liberal political atmosphere men of such calibre have a contribution to make. The opposition's weakness is that, beyond being more flexible, they do not appear to offer a real alternative to attract the youth.

An admission

In the end, change is impossible because Mr Bourguiba's commitment to his party is sentimental as well as political—from the establishment of the first cell in 1934 until today. To permit the emergence of another party would be admitting that the Destour Socialists have not kept up with the times.

Potential challenges remain. There are 150 political prisoners and one has died under torture. Tunisians caught recently printing and circulating a clandestine trade union paper were condemned to heavy prison sentences. The trade union congress under its new head, Mr. Tijani Abid, has been purged of its pro-Achour leaders, but many of his supporters remain in the lower ranks.

Egypt sees a need for another summit

BY ROGER MATTHEWS IN CAIRO

EGYPT believes that a summit meeting with the U.S. and Israel will have to be held, probably next March or April, if there is to be any real progress on Palestinian autonomy for the occupied West Bank and Gaza.

Dr. Mustapha Khalil, the Egyptian Prime Minister, said in Cairo yesterday before leaving for Vienna and London, that such a meeting with President Carter, President Sadat and Mr. Menahem Begin would not be necessary until deadlock was reached. While in London Mr. Khalil will hold talks with Mr. Robert Strauss, the U.S. special envoy, and Mr. Yussef Burg, the chief Israeli negotiator.

The three men are expected to concentrate on ways of setting up a Palestinian authority and Dr. Khalil is certain to voice again his strong opposition to Israeli settlement policy in the West Bank and Gaza.

President Sadat's approach to the negotiations is dominated by his desire not to allow anything to upset the return to Egypt of the Sinai peninsula. Accordingly the president has been discouraged from trying to widen the negotiations at this stage to include either the Palestinians or Jordan and is understood to be well pleased with the role being played by the U.S.

Mr. Sadat will, however, be looking for more vigorous U.S. participation next spring when the key issue of the political powers of the Palestinian administrative body will have to be hammered out.

While in Vienna Mr. Khalil will be discussing details of the $1.8bn telecommunications contract that has been won by a consortium formed by Siemens of West Germany, its Austrian subsidiary and Thomson CSF of France. The consortium has agreed to provide total financing for the deal but the final package still has to be completed.

Mr. Khalil, who is taking with him 12 under-secretaries from different ministries, is expected to have at least two sessions with Chancellor Bruno Kreisky that will cover both diplomatic and economic topics. Mr. Kreisky has played an import role in establishing contacts between Egypt and Israel and is now understood to be concentrating his efforts on major investment projects.

Mr. Khalil is also due to meet Mrs. Margaret Thatcher in London, but there is no indication whether the fate of the Arab arms industry based in Egypt and in which British companies have an important stake will be on the agenda.

Since the withdrawal of the three Gulf Arab states from the Arab Organisation for Industrialisation, work on producing the Westland Lynx helicopter has come virtually to a halt and Egypt has yet to indicate how it believes the project, originally worth more than £400m can be funded.

U.S. initiative on Lebanon

BY IHSAN HIJAZI IN BEIRUT

A UNITED STATES diplomat will be visiting Beirut soon as part of a Middle East tour to help promote a United Nations programme to stabilise the ceasefire in southern Lebanon. Mr. Philip C. Habib is expected in Beirut within 10 days. He will stop in Paris and the Vatican before starting his mission which will also take him to Syria, Jordan, Saudi Arabia and Israel.

It is believed the UN programme calls for withdrawal of Palestinian guerrillas and Israeli-backed militias from the zone controlled by the UN Interim Force, increasing the UN force's strength and deploying Lebanese army units in the zone.

Malaysia cuts export tax

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government yesterday announced wide-ranging tax cuts, including reductions in the export duty on rubber, tin and pepper. Exporters are expected to save 300m ringgit (£81.2m).

Tengku Razaleigh, the Finance Minister, presenting the 1980 budget, told Parliament that the country had enjoyed a boom year for commodities. All the five major export commodities—rubber, tin, palm oil, timber and crude oil—experienced price increases and bigger export volumes.

Government revenue for 1979 was expected to grow by 16 per cent to 10.22bn ringgit, and real economic growth was estimated at over 8 per cent.

The Minister said a new concept of cost-plus would be used in commodity taxation. Production cost would be taken into account and the maximum marginal export duty on any commodity would not exceed 50 per cent.

Tengku Razaleigh said that in 1980, given the discouraging international outlook, real gross national product was expected to slow down to 6.5 per cent. Budget strategy was to use public sector spending to stimulate growth. Accordingly Government expenditure would increase by 18 per cent to 17bn ringgit.

Hanoi warning for Thais

BY RICHARD NATIONS IN BANGKOK

HANOI yesterday sharpened the edge of its propaganda campaign against Thailand. It accused some people in power in Bangkok of wishing to transform the country into a "combat base" for China and the U.S.

This toughening of Hanoi's political line coincides with Thai diplomatic moves in the United Nations for adoption of a resolution on Kampuchea, as well as with renewed fighting along the Thai-Cambodian border.

The unsigned commentary in the Vietnamese Communist Party paper "Nhan Dan," usually a vehicle for expressing high level policy shifts, warns the countries of south-east Asia of the serious consequences which would arise from their siding with China.

Observers read this as a clear signal of Hanoi's displeasure with Thai diplomacy rather than as an attempt to justify subsequent Vietnamese incursions into Thailand to get behind Khmer Rouge strongholds along the border.

W. Germany prepared to increase China credits

BY ROGER BOYES IN BONN

THE WEST GERMAN Government is prepared to extend its guarantees of export credits to China beyond the present level of about DM 2bn (£520m).

This was made clear by West German officials yesterday, less than a week before the Chinese leader, Chairman Hua Guofeng, is due to visit Bonn on the next stage of his European tour.

The cabinet discussed the matter and decided that, as China's foreign debts remained relatively modest, there was considerable scope for extending credit guarantees. The Government, however, is unwilling to set exact guarantee limits and will consider each case on its merits.

The Government has indicated that broad-based export credit guarantees would be considered for steel and energy-related projects. This reflects West German estimates that — despite investment cutbacks especially in steel—China will have $42bn to invest in improving its economic infrastructure this year. About half of this is expected to go towards heavy industry.

There are some major West German deals pending with China, both in the heavy industrial and energy fields, but it is not clear whether the flexibility on credit guarantees will be enough to clinch the contracts.

A West German consortium, including Krupp and Orenstein und Koppel, have already signed a protocol providing for the supply of six shaft and two opencast mines and a production line for mining machinery worth $4bn. Schloemann-Siemag, at the head of another West German consortium, has, meanwhile, been preparing feasibility studies for China on the construction of a vast integrated steel works, which could be worth as much as $14bn.

West Germany is China's most important West European trading partner, and exports to China, in the first half, rose by 35 per cent to DM 1.34bn compared with the first six months of 1978. The emphasis is on steel, ships, motor vehicles, pipes and chemicals, while imports from China are mainly agriculturally-based.

Bigger trading deficit forecast

WASHINGTON — The United States Central Intelligence Agency says that China's world trade increased sharply last year but capital equipment purchases this year "probably will not resume the frenzied pace of 1978."

In a report on China's international trade, the CIA said a "somewhat more cautious attitude towards imports is evident," after A$1.5bn (£695.89m) trade surplus in 1977 swung to a $255m deficit in 1978.

The CIA said China's post-Mao economic revitalisation efforts were clearly demonstrated by the country's trade expansion in 1978.

"Our estimates indicate that exports increased by 24 per cent over 1977 to $10bn while imports surged by 56 per cent to $10.3bn.

The CIA noted that perhaps as much as 10 percentage points of these dollar value increases were due to depreciation of the dollar but added that the increases "in real terms are quite substantial."

The trade balance moreover was moving even deeper into the red in the first months of 1979. Exports were off 7 per cent in the first quarter to $2.280m while imports declined only marginally to $3.480m, leaving a record $660m deficit, the report said.

Peking interest in Tokyo Round

BY MAURICE SAMUELSON

CHINA HAS recently shown an interest in signing the Tokyo round of international trading agreements many of which come into force on January 1, 1980.

The Chinese made their interest known during the negotiations in Geneva which have rounded off six years of talks held under the auspices of the General Agreement on Tariffs and Trades (GATT). It is the latest sign of China's growing trade links with the West.

Details of the Tokyo Round negotiations were published yesterday as a White Paper by the Trade Department. Mr. Cecil Parkinson, Trade Minister, said the agreements, hammered out since 1973, not only provided for substantial reductions in tariff and non tariff barriers between the UK and her major trading partners, but also laid down new procedures for resolving problems in international trading relations.

As the White Paper points out, however, no agreement was reached on safeguard actions by countries against increased quantities of imports which disrupt domestic industry.

The U.S. and other developed countries want improved procedures within the GATT before safeguard action could be taken. The EEC wants selective safeguard action against individual countries and not necessarily against all GATT members.

The U.S. has already passed legislation approving the agreement, and the EEC Council of Ministers is due to approve it at the end of October. Japan's endorsement may be delayed, however, because of the election reverses of the Ohira Government.

The main features of the Tokyo Round are:

- Phased cuts in the industrial tariffs (averaging almost a third) of the EEC's main industrialised trading partners, matched by equivalent reductions in the EEC's common external tariff;
- Lower tariffs and other barriers for agricultural products;
- An agreement on tariff and non-tariff barriers to trade in civil aircraft;
- An agreement on subsidies and countervailing duties (designed to counteract other countries' subsidies).

Top-level UK energy group visit to Moscow

By Anthony Robinson

A TOP-LEVEL delegation of British energy experts, led by Mr. Norman Lamont, Parliamentary Secretary of State for Energy, is going to Moscow next week.

It will take part in an energy symposium, sound out the prospects for British-Soviet co-operation in energy matters and try to obtain a clearer picture of Soviet energy prospects in the 1980's.

The Soviets have long expressed an interest in British offshore oil exploration and coal gasification technology, but up to now co-operation has been limited mainly to straight trade deals such as the Coberrow consortium's £100m gas compressor contract and the sale of pumps and ancillary oil field equipment.

But decisions are now being taken on the shape of the next five-year plan, in which energy development, conservation and anti-pollution investment is expected to play a major role.

Addressing the Anglo-Soviet Chamber of Commerce lunch in London yesterday, Mr. Lamont emphasised the Soviet Union's important role in the global energy equation and appealed to the Russians to be mode forthcoming on their estimates of future energy production and exports as these would have an important bearing on the rationality of future decisions on energy use and investment.

Comecon-EEC talks may resume

BRUSSELS — The Common Market has proposed to Comecon that they resume talks next month on a possible agreement between them, it was announced yesterday.

Mr. Wilhelm Haferkamp, External Affairs Commissioner of the EEC Commission, suggested to Mr. Nikolai Fadeyev, the Comecon Secretary-General, that they should meet in MoscowMoscow November 2-5.

The two sides last met here in May when Hr. Haferkamp told the 10-nation Comecon he could not conclude a ful-scale trade agreement with it. The EEC says the Communist grouping does not have the same power as the Commission to negotiate trade matters on behalf of its member states. Reuter

Japan, S. Korea ready to drill

BY RICHARD C. HANSON IN TOKYO

JOINT EXPLORATION for oil on the continental shelf between Japan and South Korea is to begin later this month with seismic studies in a sub-block off a group of Japanese islands near the southern island of Kyushu.

Japanese and South Korean Government officials met earlier this week to work out remaining technical problems on the joint exploration agreement. These centre mostly on compensation for fishermen, possible pollution and problems of transfers of personnel and equipment between the two countries.

The designated exploration zone is about 82,000 square kilometres large, divided into nine sub-zones in which Japanese and South Korean concessionaires will share the cost of exploration. Test drillings, which cost about Y2bn (£4m) each, are not expected before the end of this year.

Academic estimates of the amount of recoverable oil in the zone range up to 400m kilolitres. The volume of oil itself is not significant considering that Japan alone needs about 280m kilolitres a year, and that whatever oil is eventually produced will be shared equally with South Korea.

The shelf, however, is considered the most promising area for exploration near or in Japanese territories.

British aero sales exceed imports

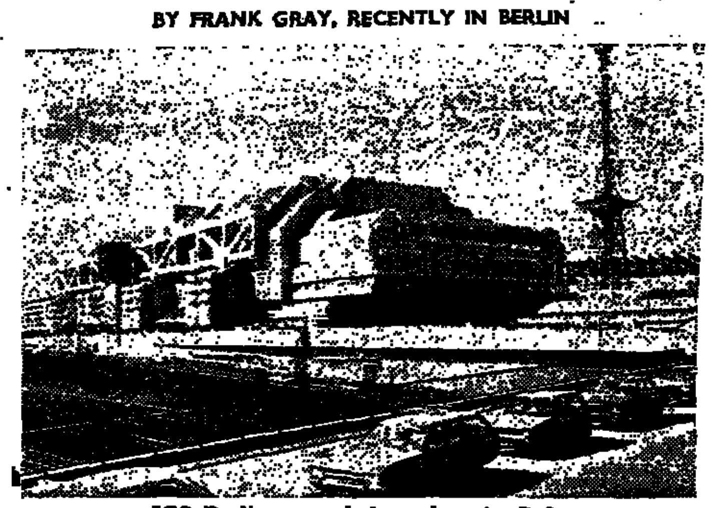
By Michael Donne, Aerospace Correspondent

THE UK Aerospace industry had a surplus of more than £157m on its balance of payments in the first seven months of this year, with exports of aircraft, engines and equipment amounting to nearly £744m against imports of nearly £586.5m.

BERLIN'S NEW CONGRESS CENTRE

Convention trade boosts economy

BY FRANK GRAY, RECENTLY IN BERLIN



ICC Berlin opened doors last April 2.

WEST BERLIN became the eighth ranking city for international conventions in 1978, and conventions officials here are confident it will climb even higher this year.

This confidence is supported by the busy schedule of trade fairs, conventions and seminars being held at West Berlin's new International Convention Centre, which opened on April 2 this year and which is considered the most modern centre of its kind in the world.

The optimism is reflected in the addition of new and long-overdue hotel capacity, some of which is being opened this year with more planned for the early 1980s.

The man most directly concerned with the city's continued success as a commercial meeting place of international rank is Herr Peter Haupt, the General Manager of AMK-Berlin, the convention centre's managing organisation.

"The allies have always shown the wilingness and the power to help Berlin become a modern city," he said recently, "but we have been telling ourselves for years that we, as Berliners, must add something of our own to the attractiveness of the city."

The result was an initiative to build a complex of exhibition halls in the west of the city, to be dominated by the convention centre itself.

This was undertaken against the pessimistic background of the first surge in oil prices by OPEC countries in 1973,

However, the catalyst for the go-ahead was the four-power agreement of 1971, which substantially liberalised access by the West to the city itself as well as between both the East and West sectors.

The cost of ICC-Berlin is placed at DM 800m (£210m), and it is the cost factors like these that have caused the world's convention cities to view their centres in the larger context of what they can contribute to the local community, such as with opera houses and theatres.

The West Berlin centre's annual operating budget is DM 30m, and its earning power is estimated at DM 5m to DM 6m per year. But last year, congresses in West Berlin attracted 220,000 participants, staying an average three days. The city's tourist bureau estimates they spent DM 215m, added to which was another DM 52m spent by congress organisers, for a total revenue of DM 267m. Indirect tax revenue accruing from this is about 10 per cent of that total, which more or less makes up for the ICC annual deficit.

"This means that we are subsidised by the city, but not out of the pockets of Berlin taxpayers," said Herr Haupt. "So while ICC Berlin will never pay for itself directly, it is a valuable tool in the overall business of the city, through which we are able to keep the service industries alive."

The Union des Associations Internationales in Brussels placed Berln as eighth in the world in terms of its "sizeable" international trade association congresses in 1978. With 44 such congresses, this placed it within striking distance of Vienna, with 57, Washington, 55 and New York, 51.

Herr Haupt sees it climbing past these by the early 1980s, but he acknowledged that it will stand little chance of climbing much higher. The top four places are dominated by London, with 193, followed by Paris, 165, Geneva 148 and Brussels 122.

Certain kinds of business are closed to West Berlin because of its political situation, such as UN conferences or meetings involving Eastern Bloc countries.

A case in point was the recent Overseas Import Fair.

Nearly 1,000 companies and exhibitors from 54 Third World nations represented themselves at the fair, seen by more than 4,000 potential buyers, but there was no official representation from an Eastern European country.

"We send out invitations each year," one official said. "But there was no response, and this doesn't surprise us."

The centre maintains its existing clientele and attracts new customers through a kind of old-boy net, maintained by Herr Haupt, who spent 17 years as a convention business specialist with Lufthansa airlines.

Because of the cyclical nature of much convention business, moving from one city to another each year, he is able to "steer" many clients overseas, in exchange for equivalent referral support from those cities.

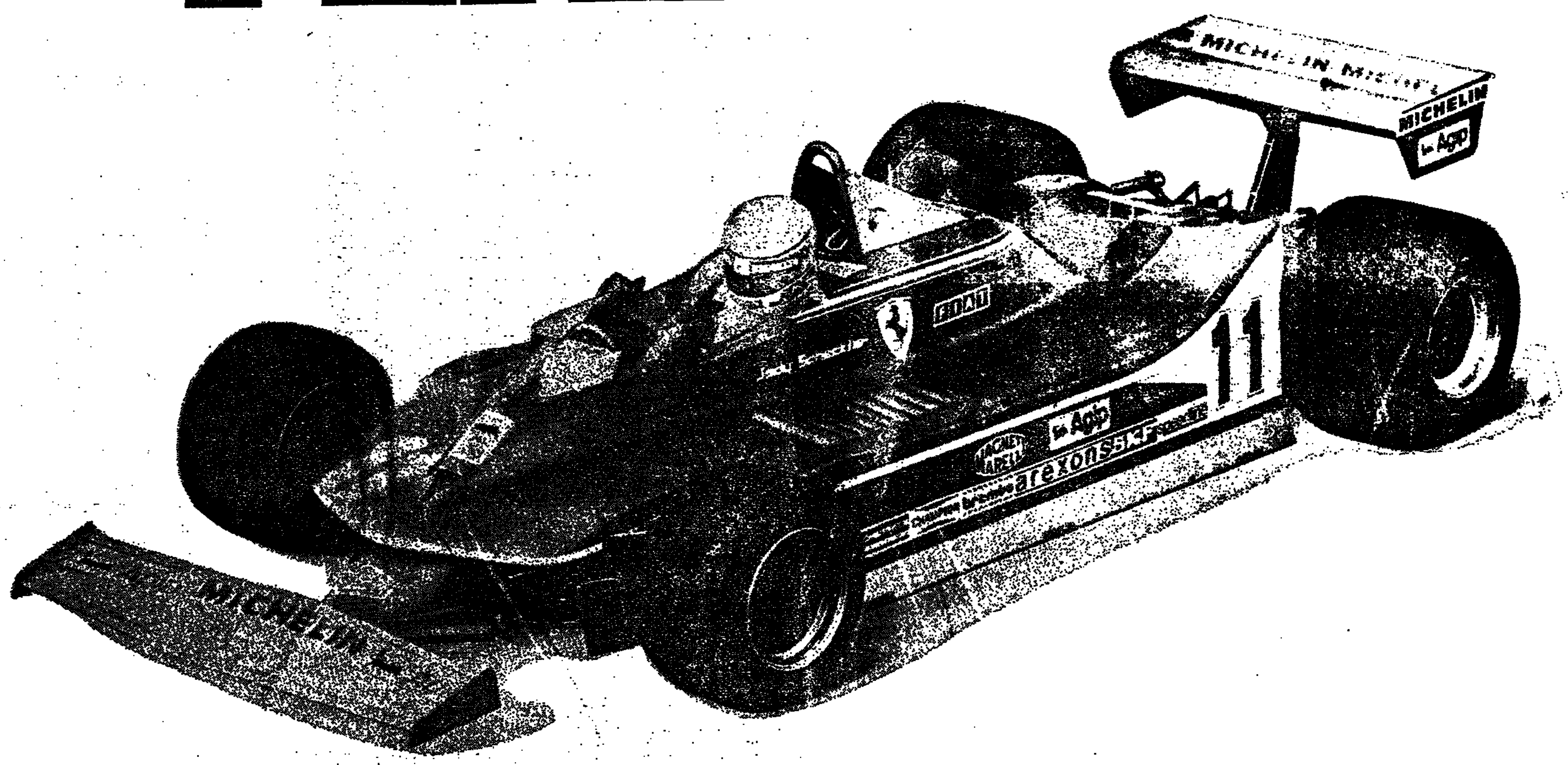
Some 75 per cent of the city's convention business comes from West German companies and associations, but an increasingly large proportion is coming from overseas, particularly Britain, where ICC Berlin is represented by Spectrum Communications, the U.S., Belgium, the Netherlands, Switzerland and Northern Italy.

One major concern though is the threat to convention trade in the 1980s posed by the current round of oil price rises.

"I do not know how this will affect the business in general," he said. "We are a big consumer of energy. We also depend heavily on airline links—people are not so used to travelling to conventions by rail.

"But we remain optimistic for the 1980s, for we have learned not to work on negative aspects, but on positive aspects."

THANK YOU FERRARI.



Ferrari world champion. Once again italian technology has won. A long tradition, a great deal of ingenuity, great inventive power and some "italian spirit" have allowed Ferrari to thoroughly exploit the advantages offered in belonging to an international industrial group such as Fiat.

Ferrari and Fiat: two names which working together combine their unique experience of technology and imaginative design. **FIAT**

No-one ready to believe it was the end of The Times

BY CHRISTIAN TYLER, LABOUR EDITOR

NO ONE was ready to believe yesterday that The Times and the Sunday Times were doomed, in spite of the collapse of negotiations with the main craft print union shortly after the midnight deadline set by the management.

Indeed, as the directors of Times Newspapers and Thomson International were closeted in Thomson House, London, a mood of prayerful optimism was in the air.

Yesterday was sene as one of the most fateful in the 194 years history of The Times, as the directors made their decision, to be announced today. It followed a night of anguish in The Times offices in Gray's Inn Road, where nerves reached breaking point, tears were shed and insults flew.

Both survival of the world's best known newspaper and the jobs of about 4,300 people are at stake.

Of those, more than 2,000 are either back on the payroll or never left it. The rest, mainly members of the National Society of Operative Printers, Graphical and Media Personnel, were due to be re-engaged on Monday, as the last group of Natsopa members accepted new conditions on Wednesday.

Meanwhile, The Times journalists reached agreement on Wednesday night on pay rises of 30-45 per cent and a promise of joint monitoring of new technology plans.

The cost of paying off all these employees if a decision to shut is made could be about £10m, but that is a very broad estimate indeed.

Against that, suspension of The Times, Sunday Times and the three supplements is costing £2.7m a month, of which £1.7m is in wages.

The suspension, or lockout as the staff see it, has cost over £30 m to date.

Negotiations with the NGA had lasted four days. The two sides tried to reach agreement in an almost impossibly short time. Some participants were scarcely able to cope by the end.

Discussions centred on the three main places where the NGA works — the composing room, where the type is set; the machine-room, where the presses are; and the foundry.

Overshadowing the talks was the NGA's imperative wish to restore its skill differentials over Natsopa members, who recently concluded their own new pay agreement.

Breakdown point was reached over pay levels for compositors, even though an operating agreement there had already been concluded.

This involved the NGA giving up 40 per cent of its composing room people, more than 100 jobs.

Mr. Les Dixon, president of the NGA and chief negotiator, said these were some of the best terms ever offered by a union in Fleet Street. The manning cut compared with the 45 per cent originally demanded by the management.

The company had scarcely named the rates when the NGA team got up and left. The offer was £10,600 a year, rising to more than £11,000 in April; a four-day wek of 34 hours, reducing to 32; and six weeks' holiday.

This was instantly described as "derisory."

The NGA gave its explanation yesterday of why the offer was "derisory."

It said the composing-room rate was les than that agreed for Natsopa machine-room assistants at The Times, and ignored not only different levels of skill but also the union's "agreement to undertake the changeover to new technology."

Furthermore, the NGA said, it had made its demands 10 days before. The offer came at the eleventh hour.

The second problem is The Times machine room. There, according to the company, the NGA wants an increase in manning of 20 per cent, while Natsopa has accepted a reduction.

This was contested by the NGA during the talks; it appears that the union is arguing about what the traditional "establishment" in that department is, or was.

The company says that pay cannot be settled in this department until the union has given ground on manning or length of shift times, in other words, productivity.

Mr. Dixon said that his men had been offered £204 a week, while Natsopa was securing £207; on the face of it a blatant breach of the differential. The company said the NGA offer was based on a 34-hour week, reducing to 32, and for mostly day work.

The Natsopa rate was for 45½ hours a week, mainly night work. The differential, it says, is therefore safeguarded.

The third unresolved issue is in the Sunday Times machine room, the place where industrial action by Natsopa members largely persuaded the company to threaten suspension of all its titles back in April last year.

There sems little contest over the NGA's demand for £100 a night for the Saturday night operation, compared with the £67 a night agreed with Natsopa.

It is length of the shift and manning on Saturday nights that have caused the row.

Under Mr. Reg Brady, the Natsopa chapel accepted a manning reduction of 90, just under 17 per cent, according to the Sunday Times.

They also agree to do more work on Saturday morning and afternoon, preparing the presses, and to spend more time on Sunday morning "wiping over" so that when The Times men come on, they can get off to a quicker start.

So far, the NGA appears to have resisted any cut in manning, or to have offered a notional reduction from 101 to 100 men.

It has certainly protested that the company is trying to get it to work an 18-hour shift, and though there are strictly speaking two or three shifts on Saturday-Sunday, it says that in practice the same men work right through.

Mr. Dixon declared that he had offered 15 hours, the longest, he said, anyone could reasonably be expected to work in those conditions.

At present the shift is 15½ hours, of which three are at overtime rates. The company wants to eliminate those overtime hours.

It claims that even though it wants a 15-hour shift at normal rates, men can if they choose work about eight hours, and that piece of "custom and practice" would not be expected to change.

Those are the main elements of the impasse reached early yesterday.

Now it is for Lord Thomson, who has shown nothing but real determination to keep the papers alive, and his directors to decide whether that impasse is so serious as to warrant closing (they say they will not sell) or put the titles into cold storage and try again, perhaps many months from now.

The breakdown of negotiations early yesterday morning between printworkers' representatives and management at the Times and the Sunday Times has thrown the whole future of the newspapers into grave doubt. Is there any future, immediate or remote?

Mr. Les Dixon, NGA president, leaves the Times offices after the breakdown of the talks.

£1.2m Orkney water project

A £1.2m project will give extra water supplies to the Scapa Flow island of Flotta, in Orkney.

The project, almost fully financed by the oil consortium Occidental, will give an extra 1m gallons to the oil terminal at Flotta and 200,000 gallons for domestic use.

Opencast site is approved

THE NATIONAL Coal Board will open a new site in west Cumbria to help reach its target of 15m tonnes of opencast coal a year. Yesterday Mr. David Howell, the Energy Minister approved opencast work on 400 acres at Harris Moor, near Whitehaven. It is expected to produce 1m tonnes in the next seven years.

The local council, which objected to the scheme, wants the board to lay out a municipal golf course when the land is restored.

Consumer spending falls sharply

BY DAVID FREUD

CONSUMER EXPENDITURE in the third quarter fell back sharply from the artifically high level of the previous three months. However, spending was higher than for any time except the April-June quarter.

This suggests the underlying trend remains upward — which is hardly surprising considering that money wages were still increasing slightly faster than prices through the period.

Expenditure is likely to receive a further boost in the final quarter of the year, due to the £1bn payment of tax rebates in October.

Retailers hope consumers will spend about half the rebate in shops.

The Central Statistical Office's first preliminary estimate for the third quarter shows that spending fell 3.5 per cent to £17.17bn (1975 prices, seasonally adjusted).

However, spending was 0.4 per cent higher than the first quarter of the year—at the time also a record level.

The pattern of spending was distorted by heavy sales the week after the June Budget which raised VAT to 15 per cent.

The heavy sales in that week and weeks of speculative pre-Budget buying, resulted in spending being concentrated in the second quarter which would otherwise have spread into the third.

The office said those areas of consumer spending which were stimulated in the second quarter by the indirect tax changes all fell back in the third. These included alcoholic drink, clothing and footwear, durables and other non-foods and motor vehicles.

Other areas of spending showed little change.

In the first nine months of the year consumer spending was 4.5 per cent above the level in the same period of 1978 and 4 per cent above the 1978 average.

CONSUMERS' EXPENDITURE 1975 PRICES
Seasonally adjusted

		£m
1978	1st	16,432
	2nd	16,522
	3rd	16,879
	4th	16,895
1979	1st	17,096
	2nd	17,786
	3rd	17,172*

* First preliminary estimate.
Source: Central Statistical Office

Precious metal plant opens

A WORLD lead in the reclaiming and refining of gold, silver and platinum has been taken by Johnson Matthey Chemicals with the opening of a £6m additional plant at Enfield, North London.

New buildings and equipment have been erected on part of a 30-acre site. Annual value of the throughput will be many billions of pounds, according to production director Mr. B. S. Cooper.

Much of the new plant will be used for reclaiming metal from industrial process waste. The operation is viable because of the escalating prices of all precious metals. Most of the processing plant is computer controlled.

Work starts on £2m hotel

Work has begun on a £2m luxury hotel which is to be built on the outskirts of Peterborough by Saxon Inn Motor Hotels.

The hotel will have 100 bedrooms, with banqueting and conference facilities for up to 450 people, and has been planned on a seven-acre site for completion by the spring of 1981.

Minister to rule on council home sales

BY ANDREW TAYLOR

THE GOVERNMENT will take over the sale of council homes to tenants where local authorities have either refused or delayed making sales, Mr. John Stanley, Housing Minister, said yesterday.

A consultation paper published yesterday, Mr. Stanley said, made it clear the Government would introduce legislation allowing it to intervene to force such sales.

[illegible] to spark [illegible] from Labour-[illegible] authorities which [illegible] the Government [illegible] their right [illegible] their own housing.

Delayed

The document says the Secretary of State will have the power to take over any transaction and retain the proceeds of sales [illegible] he thinks fit.

The Government will also [illegible] the cost of the sale, plus interest, to the local authority [illegible].

[illegible] said tenants [illegible] the right to buy their homes would be able to [illegible] to the Government instead of having to take the local authority to the courts.

Details of the Government's proposals to give council house and new town tenants the statutory right to buy their own homes is included in the consultative paper. The Government is still considering whether to include housing association tenants in legislation, which it plans to introduce before the end of this year.

Under the proposals, tenants of three years standing or longer will have the right to buy their homes at discounts of up to 50 per cent. Houses built for the elderly and disabled will be excluded from the provisions.

Discounts will start at 33 per cent for tenants of three years standing, rising by one per cent for each further year a tenant has been in residence, up to a maximum of 50 per cent.

But purchasers of new dwellings, first occupied on or after April 1, 1974 will not be able to buy premises for less than what it cost to build them.

If a house is resold within five years of purchase from a local authority, a proportion of the discount will have to be repaid. Starting at a rate of 80 per cent after one year.

Under the proposed legislation, local authorities will also be obliged to offer mortgages based on a multiple of a tenant's income up to 100 per cent of the purchase price.

But the Government hopes some of the mortgage money will be provided by the private sector, particularly building societies.

Mr. Stanley said housing authorities would be allowed to add half the proceeds from sales to their existing housing investment programme.

Howell names BNOC temporary chairman

BY RAY DAFTER AND ROY HODSON

THE GOVERNMENT has appointed Mr. Ronny Utiger as temporary chairman of British National Oil Corporation, in succession to Lord Kearton, who retires at the end of the month.

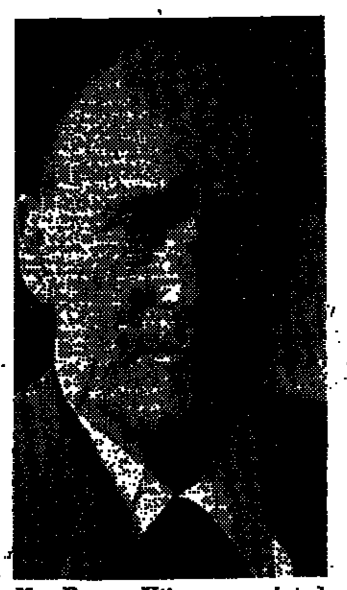
Mr. David Howell, Energy Secretary, said the appointment was a "transitional one" of limited duration, while the corporation's future structure was being determined.

It is thought another six to eight months could elapse before a permanent chairman is appointed. Mr. Utiger has been persuaded to step into the breach following increasing pressure from Lord Kearton who has made it celar to the Government that he wishes to retire.

At a special meeting yesterday the board of British Aluminium agreed to second Mr. Utiger, aged 53, to BNOC where he has been a part-time board member since its inception in 1976.

The British Aluminum board also appointed Mr. Utiger chairman of BA. A statement said that although Mr. Utiger would devote most of his time to BNOC, he would retain executive responsibilities in British Aluminium.

Mr. Utiger succeeds Sir Brian Kellett, chairman and managing director of Tube Investments—the majority shareholder in British Aluminium—who retires as BA chairman on November 1.



Mr. Ronny Utiger, appointed as transitional chairman of BNOC

Mr. L. S. F. "Dick" Charles, deputy managing director of British Aluminium, has been appointed managing director. He joined the company as assistant managing director in September 1968 since when he and Mr. Utiger have become one of the best-known double teams in the management ranks of the international aluminium industry.

It is not known whether Mr. Utiger will take over Lord Kearton's role as chief executive of BNOC. It is thought this decision will be taken by an early board meeting of the corporation. Nevertheless, he is regarded as the favourite for the position of "transitional chief executive."

As chairman and chief executive, Mr. Utiger could expect to earn some £50,000 a year—the salary earmarked for Lord Kearton although, in fact, he never drew any of the money.

The appointment of Mr. Utiger on an interim basis tends to confirm the oil industry view that Mr. Howell is still seeking a top oil executive to head the state corporation. However, it is difficult for the appointment to be made with uncertainty still hanging over BNOC. And it is not out of the question that Mr. Utiger's appointment will be made permanent.

The Government has to decide whether it retains the corporation as a single entity or splits it with one wing acting as a wholly state-owned oil trader and the other involved in offshore exploration and production.

Mr. Howell has indicated that private shareholding will be invited into the exploration and production unit.

Heath urges full role for Britain in EMS

BY IVOR OWEN

FULL PARTICIPATION by Britain in the European Monetary System (EMS) was urged by Mr. Edward Heath when he delivered the Felix Neubergh Lecture at the University of Gothenberg yesterday.

He condemned the present "one foot in, one foot out" posture with Britain playing no part in the exchange rate mechanisms at theheart of the EMS and insisted that it made no sense.

The former Prime Minister warned that non-participation in the exchange rate mechanisms would inevitably mean that Britain would not play a full role in shaping the evolution of the EMS.

In a reference to Britain's earlier failures to seize opportunities to have a hand in the formation of the EEC, he commented: "It will ensure that once again, despite all the experiences of the past, she will excludeherself from the mainstream of European developments."

Mr. Heath called for new initiatives from the EEC to ensure that it has a developing role as management of the world's monetary system increasingly becomes a shared responsibility between its major participants.

It would be necessary for the Common Market countries to co-ordinate more closely their money, fiscal and industrial policies, both within the Community and also between the Community and its major economic partners.

A further Community aim, contended Mr. Heath, should be the creation of a new reserve asset parallel to the dollar, whose use could contribute to the development of a more ordered and stable world moneary system.

He said that the most crucial determinant of the success of the EMS—and its most vital objective—would be the progress made by member countries towards reducing the differences in their rate of inflation and in their balance of payments position.

"Such progress is, in turn, dependent on the close co-ordination of their national monetary, fiscal and other economic policies."

Mr. Heath was strongly critical of those "at the highest political and official levels" who regarded the EMS as just a new and more sophisticated intervention arrangement.

Political and official debate on the EMS in the Community had wrongly centred on how to run a co-ordinated exchange rate policy by choosing particular parities somewhat arbitrarily as independent objects of policy to be pursued by intervention, borrowing or—most absurd of all—by persuading other countries to raise their inflation rates.

Regnier Stradivari violin fetches £96,000

THE VIOLIN known as the Regnier Stradivari was sold by Sotheby's in London yesterday for £96,000 to the London dealer R. A. Lee. The instrument was made by Antonio Stradivari in Cremona in 1727 and takes its name from a previous owner.

The sale of musical instruments totalled £158,829. The second highest price was £9,200 from a German dealer for a 1749 Tyrolese violin. It is labelled Paolo Antonio Testori and was sold with a bow and a child's bow.

[illegible] sold by the same house fetched £160,190. A diamond collier [illegible] 1905 made the highest price at £11,000 from a London dealer. Harris Israeli stamps of 1948 and £14,000 for Nyasaland 2d and 4d stamps.

At Christie's, furniture fetched £68,770. A Regency mahogany dining table went to Lipitch for £3,400. Turpin gave £2,600 for a Regency mahogany secretaire cabinet, and a pair of George III mahogany library armchairs made £2,400.

In New York on Wednesday Christie's auctioned Russian works of art which amounted to £267,855. Forbes Magazine bought a 288-piece Faberge silver-gilt table service — the handles stamped with double cornucopiae, swans displayed, and vacant laurel wreath — for £39,719. A big icon of the Resurrection and descent into hell painted in the late 17th century/early 18th, made £7,476.

SALEROOM

BY PAMELA JUDGE

[illegible] £8,500 for a pair of cushion - shaped diamonds mounted as earrings. A Baroque-pearl and diamond brooch-bracelet centre made £6,000 and a circular-cut diamond weighing 3.98 carats mounted as a ring fetched £4,000.

At Sotheby's Belgravia English and foreign silver made £157,928. A big George Ivory ewer of 1856 made the top price at £2,200 followed by some Tiffany and Co. chrysanthemum pattern tableware at £2,100 and a neo tankard at £1,800.

On Wednesday jewellery at the New York rooms fetched a total of £2.6m. Among the items was a diamond ring weighing 29.30 carats; it fetched the third highest auction price for such a ring at £453,488. Modern Latin American paintings and other works made £559,617.

A block of four Mauritius 2d deep blue stamps of 1859 sold for £50,000 in Stanley Gibbons' auction which totalled £814,930. Other top prices included [illegible]

Unit trust sales down

DEMAND FOR unit trusts remained relatively unexciting last month, according to figures from the Unit Trust Association.

Sales in September at £28.2m were only marginally down on the previous month's £30.9m, though well behind the £41.5m recorded in September a year ago.

Repurchases, however (units bought back by managers) provided a more optimistic note for those in the unit trust business. Mr. Chomeley Messer, chairman of the Unit Trust Association, welcomed September's repurchases total of £22.6m, (against £21.5m in August) which he described as a "more normal total."

Repurchases have generally been much higher this year leaving net new investment of £50.8m over the first nine months of 1979, lower than at [illegible]

Insurers sued for £10.8m over oil platform sinking

BY JOHN MOORE

A SUBSIDIARY of J. Ray McDermott, the New Orleans-based engineering group with large marine construction interests, is suing Lloyd's of London underwriters and a number of insurance companies for £10.8m in unpaid insurance claims. Damages, so far unspecified, are also claimed from the insurers.

The subsidiary, Oceanic Contractors, is seeking recovery on a claim which it made after a new steel offshore oil platform sank in the North Sea off Hartlepool in January.

The 5,000-ton platform, built in Scotland for Petrobas, Brazil's state oil company, was being transported to South America on the barge "Intermac 600."

It sank when the barge broke free from tugs in severe weather conditions.

Lloyd's of London underwriters are resisting the claims on the grounds that the towing was unsafe.

One of the underwriting syndicates which led on the insurance at Lloyd's is under the management of Janson Green, part of the Hogg Robinson Group.

Oceanic Contractors was the operator of Intermac 600. At the time of the incident the group said that the loss had occurred in 40 to 45 foot seas.

The platform, built at Ardersier, on the Moray Firth, by McDermott, was insured through specialist offshore insurance brokers Bain Dawes, part of the Inchcape Group, which are not party to the action.

The 547-foot-tall platform was due for installation this year on Brazil's Namorado oil field. It was the first major platform built for delivery beyond the North Sea and was hoped to be followed by other large export orders.

The action has been filed in the last two weeks in the New Orleans courts. Lloyd's underwriters and the companies are preparing their formal reply to the action.

Agency starts first study of workers' co-operatives

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Co-operative Development Agency has ben given its first contract to investigate the feasibility of setting up workers' co-operatives.

It is to undertake a £5,000 study for the London Borough of Lewisham into the opportunities to create co-operatives in the borough.

This was announced yesterday shortly after the agency, which was founded a year ago, published its first annual report.

The agency is being backed by the Government. Lord Oram, its chairman, is expected to meet Sir Keith Joseph, Industry Secretary, soon to discuss its future work.

Links have been set up with the Council for Small Industries in Rural Areas to help vet ideas for creating co-ops. Contacts have ben made with the Welsh and Scottish development agencies.

The agency is also conducting an inquiry into the availability of finance for co-op's and into legal and other issues.

"This country is more addicted to inflation than most. There is no alternative . . . to making the defeat of inflation our first task."

Charges scheme for planning applications

BY PAUL TAYLOR

THE GOVERNMENT aims to recover "a very substantial proportion" of the £50m a year cost of the present development control system through charges for planning applications, Mr. Tom King, local government minister, said yesterday.

Mr. King, speaking at a Royal Town Planning Institute and Royal Institute of Chartered Surveyors conference, said, however, the Government did not envisage "at this stage anyway" recovering the full cost of the development control system through charges.

Mr. King's comments represent the first clear indication of how the Government sees the charges scheme working — and how much charges will be. [illegible] been taken, Mr. King said the charges would be set at a level "roughly proportionate to the size of the development and would be pitched so as not to be a deterrent to development."

The system — to come into effect next year — would be "simple, universal and mandatory."

Mr. King attempted to reassure critics of Government planning policy by saying the Government was fully committed to planning and its objectives.

The Government was simply seeking to make the system work better, fulfill its objectives more effectively and enable and enhance its public [illegible]

NEB case is dropped by tanners

By Christine Moir

THE GROUP of tanners who intended to sue the National Enterprise Board over its investment in British Tanners Products have withdrawn their suit following the collapse of the company.

The case dates back to 1977 when Barrow Hepburn asked the NEB to become a partner in its ailing tanning business. The NEB injected £3m into a company renamed British Tanners Products.

Further injections raised this investment to £6m but BTP continued to fail. In August of this year, the NEB cut its losses [illegible] called in receivers.

£334m mid-month Sterling M3 rise

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £334m, or 0.6 per cent, on a seasonally adjusted basis in the month to mid-September.

The increase in the first three months of the target period which started in mid-June has been 2.5 per cent. This is an annual rate of 10¼ per cent compared with an official range of 7 to 11 per cent.

The narrowly defined money supply, M1, rose by £119m, or 0.4 per cent, in the month. Within the figure there was a further fall in interest-bearing sight deposits so that the non-interest bearing component of M1 rose rather more sharply, by £280m.

Domestic credit expanded by £923m, seasonally adjusted. Although bank lending to the private sector rose by less than in recent months, central government borrowing was exceptionally large at £1.65bn and was only partly covered by sales of gilt-edged stock.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	%	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	%	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1978										
Sept. 20	137	249	1.0	478	460	1.0	11	16	549	651
Oct. 18	478	235	1.0	535	334	0.7	415	397	586	463
Nov. 15	40	44	0.2	254	306	0.6	268	442	149	251
Dec. 13	989	585	2.3	950	710	1.5	5	474	1,241	1,059
1979										
Jan. 17	−548	213	0.8	332	996	2.0	1,216	483	345	795
Feb. 21	−221	195	0.8	−33	507	1.0	1,125	1,129	378	1,048
Mar. 21	304	35	0.1	−344	−443	−0.9	426	729	−384	−319
Apr. 18	1,515	785	3.0	1,488	721	1.4	543	535	1,760	623
May 16	−186	39	0.1	420	729	1.4	618	819	507	997
June 20	−404	−213	−0.8	609	601	1.2	1,096	1,026	1,139	885
July 18	772	642	2.4	778	428	0.8	1,128	381	988	439
Aug. 15	−14	−6	—	281	548	1.0	144	699	814	1,051
Sept. 19	35	119	0.4	317	334	0.6	108	160	735	923

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills.

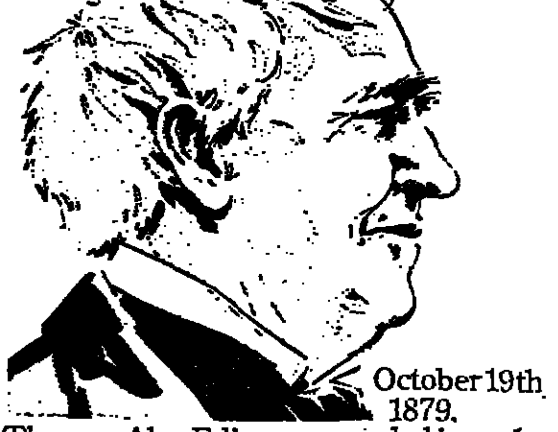
عكرامن الأصيل

"We will make electric light so cheap that only the rich will be able to burn candles."

THOMAS ALVA EDISON, OCTOBER 1879

"We will make electric light so energy-effective that only the irresponsible will continue to burn the world's candle at both ends."

LIGHTING DIVISION PHILIPS, OCTOBER 1979



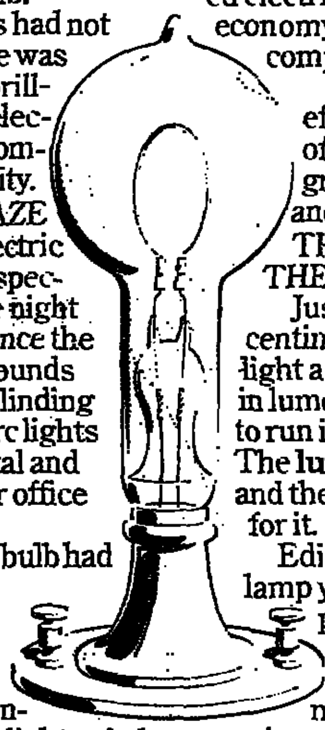
October 19th, 1879.

Thomas Alva Edison succeeded in sealing a horseshoe shaped carbonised cotton filament within a near vacuum inside a small glass globe. When a direct current of electricity was passed through, "it burned like an evening star" and was registered under US Patent No. 223,989 as the incandescent light-bulb.

The 32 year-old genius had not invented electric lighting. He was doing something far more brilliant. He was about to make electric lighting a practical, economic & universally available utility.

PEARL STREET IS ABLAZE

Massively wasteful electric arc lights had been spitting spectacular voltages through the night skies of Paris and London since the 1860s, gobbling up francs, pounds and watts and temporarily blinding careless beholders. These arc lights were inconceivably big, brutal and too greedy for any parlour or office interior.



Edison's incandescent bulb had none of these faults. And to fulfil its destiny he laboured three further years, following his own precept that genius is 99% perspiration, inventing the lamp-socket, the lightswitch, the electric fuse, the variable output dynamo, the underground power cable, the central power station and the whole concept of an electricity supply system.

Then in September 1882, he threw the switch that set thousands of his 40c 16 candle power bulbs blazing above the sidewalks and in the houses of 85 enraptured pioneer subscribers in and around Pearl Street, New York. He had switched on the world. Electrification would bring industrial development, commercial expansion, comfort at home, safety in the street: a leap forward into the light for all mankind. *But could anyone have imagined that there were big shadows ahead?*

BLACKOUT

In December 1973, the lights started going out all over Europe in phased blackouts designed to save the fuel resources threatened by war in the Middle East.

Between then and February 1974, homes, offices, shops, factories, schools and even some hospitals in England found themselves in abrupt darkness for hours at a time.

Electric lighting accounts for only 5% of an industrial nation's energy consumption, but its instant controllability makes it an obvious area of saving, either forcible or voluntary. During the Energy Crisis, thoughtful people looked up and wondered which lamps they could switch off and which lamps might or might not be doing the best possible job with the electricity they were using.

After more than 90 years, the World had stopped taking electric light for granted.

GOD WILL PROVIDE

In the Victorian heyday of Edison's invention and the Edwardian age and the flippant Twenties and troubled Thirties that followed, there was no general soul-searching about energy conservation. Coal, and the new fangled mineral oil discovered in Pennsylvania in 1859, were there in abundance. If we wanted more, we could sink shafts 12 miles deep, the experts said, into an Aladdin's Cave full of fuel enough for a million years. God would provide.

The Light-bulb manufacturers, however, didn't feel like that.

Edison Electric Light Co., Philips Incandescent Lamp Works Ltd. (who had joined the race in 1891 in Eindhoven, Holland) and certain other determinedly innovative companies pursued energy-effectivity from the word Go.

They had no clairvoyant awareness of dwindling World fuel resources. They merely knew that their customers received electricity bills and that running-economy was therefore a crucial competitive factor.

In any case, increased efficiency was an inseparable part of the necessary drive towards greater light outputs, reliability and longevity.

THE FIGHT OF THE CENTURY
THE LUMEN v. THE WATT

Just as string is measured in centimetres, so the quantity of light a lamp gives is measured in lumens, and the electricity to run it is measured in watts. The lumen is what you enjoy and the watt is what you pay for it.

Edison's carbon filament lamp yielded only 3 lumens per watt, converting a mere 0.56% of its energy into light. It was a miracle, but it wasn't good enough.

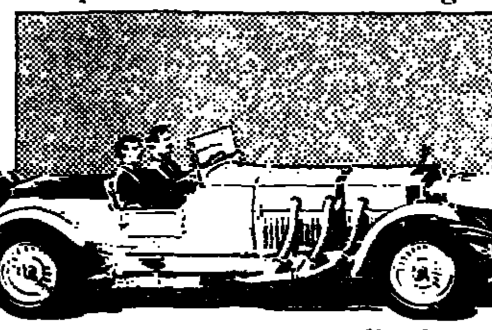
The Philips extruded tungsten filament lamps of 1907 more than doubled efficiency to 1.28% and luminous efficacy to 8 lumens per watt. The drawn tungsten wire filament of 1909 burned as brightly and as cheaply, but was 'unbreakable'! When Philips coiled the tungsten wire and replaced the vacuum inside their lamps with inert argon gas in 1913, output shot up to a dazzling 12 lumens per watt. In 1933, the coiled filament became the coiled coil filament and efficiency zoomed by another 20%.

Special lamps with interior mirrors and reflectors afforded yet higher levels of illumination for display & home lighting purposes – at no extra running cost. And in 1959 a whole new breed of more compact incandescent lamps was born, containing halogen instead of an inert gas, again more efficient, producing up to 20 lumens per watt, twice as long-lived and able to maintain full performance throughout life. As car headlamps, projector lamps, display lamps & floodlights, they shine as none have ever done before. Soon, new compact light sources, with up to 50 lumens per watt, can be expected.

DAYLIGHT

Meantime, gas discharge lamps which didn't use a filament at all but which produced colossally greater quantities of light for far longer periods with much more economical running costs, were being developed by the same small group of innovative companies. Visitors to The Hague in 1932 were amazed to see each other apparently coloured yellowish-orange from head to foot beneath Philips strange but superbly efficient new sodium discharge street light.

Similarly, mercury discharge lamps shed their white-bluish light



over car passengers speeding beneath them along Europe's highways from 1935 onwards.

Philips SON high-pressure sodium lamp of 1965, so powerful that its envelope has to be made from transparent ceramic instead of glass, achieves up to 130 lumens per watt and produces as many as *one hundred and thirtythousand lumens* of warm golden light.

Low-pressure sodium, in the ultimate development of the Philips SOX lamp, is about to achieve a World record 200 lumens per watt. It's the ideal energy-effective lamp for public lighting and security lighting, both in- and outdoors.

While the high-pressure Mercury HPI lamp invested with a 'cocktail' of rare metal halides and an yttrium vanadate phosphor interior-coating, can light art galleries and T.V. studios with the nearest commercially available approximation to daylight – at an efficiency of nearly 100 lumens per watt.

YOU HAVE NOTHING TO LOSE BUT YOUR KILOWATT HOURS

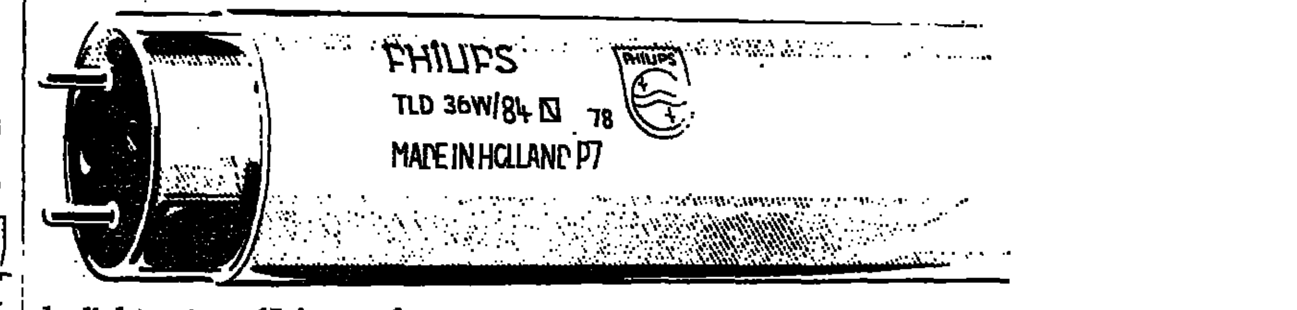
The tubular fluorescent lamps that appeared in 1939, along with nylon stockings and World War, also showed things in strange and harsh colours as a necessary sacrifice to efficiency.

The sacrifice is no longer necessary. Philips produced a fluorescent lamp in 1974 with colour rendering qualities virtually up to art gallery standards, yet which allows users to replace three existing lamps with two new ones, saving something like 33% on energy. (Permitting one store chain, for instance, to cut *12 million kilowatt hours* from its power bills.)

Uncontented, last year Philips released the further improved TL D80 range which uses 10% fewer watts but maintains the same high lumen output. Now also with **standard colours**!

But lamps are only part of the story. Philips Research Laboratories & L.I.D.E.C., the Philips Lighting Design & Engineering Centre at Eindhoven, continue to evolve new and better luminaires, new and better control gear (such as the semi-electronic ballasts that now cut 'lost' wattages by 10%) and new and better lighting systems and techniques. All with the same old relentless drive towards greater efficiency that has been Philips' stock in trade and hope for the future since 1891.

Lamp	Light output in lumen	Energy consumption of lamp in watts		Lumen per watt
Incandescent	1.280	100		13
Incandescent Halogen	1.700	100		17
Incandescent Halogen Auto	1.500	60		25
Blended Light ML	3.150	160		20
Fluorescent TL 80 (38mm)	3.400	40		85
Fluorescent TL D80 (26mm)	3.450	36	Energy Super Saver	96
Mercury HPL-N	23.000	400		58
High-Pressure Sodium SON	25.000	250	Energy Super Saver	100
Low-Pressure Sodium SOX	22.500	135	Energy Super Saver	167
Metal Halide HPI-T	90.000	1000		90



"There will never be a last word in the continuing history of electric lighting. The world's fuel resources may dwindle, but so will the demands we make upon them. The need for more light, and better light, will continue to grow. We shall meet it. The two parts of that equation are not irreconcilable. Our Company's whole history proves that. Right at this moment we have lamps to cut consumption of electricity on lighting in the home by up to 70%, in shops and offices by up to 50%, in amenity and security areas by up to 75% and on motorways by up to 70% – if people want them! More important, these savings can be made while maintaining or improving both the quality and the quantity of light.

"But, of course, we shall not stop there. The second century of electric lighting is beginning. Edison's invention is just getting into its stride and at Philips we will not let the problems of oil shortage hold us up. We will offer the World the energy-effective light sources & systems it needs!"

1879/1979
100 YEARS
ELECTRIC
LIGHT

M.H. GOODWIN
DIVISIONAL DIRECTOR
PHILIPS LIGHTING

PHILIPS

In the U.S.A.: North American Philips Lighting Corporation, a subsidiary of North American Philips Corporation. Product Trademark 'Norelco'.

JARRATT REPORT PROPOSES 'NEW DEAL' FOR INDUSTRIAL RELATIONS

CBI to debate balance of power

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PROPOSALS FOR changing the balance of power in industry by introducing new laws on strikes and trade unions, and by strengthening employers' ability to withstand industrial action, are to be put to the annual conference of the Confederation of British Industry in Birmingham early next month.

They are contained in an interim report, "A new deal for industrial relations," of a CBI steering group headed by Sir Alex Jarratt, chairman of Reed International. The report was published yesterday.

The steering group is completing plans for an employers' strike insurance fund. It is also considering whether to propose new laws to restrict the traditional legal immunities of trade unions and to make labour agreements legally binding.

Set up at the beginning of this year, the steering group has a brief which will run till 1981. It will eventually cover all aspects of the role of business in the community.

Future subjects, in addition to an employers' view of the role of trade unions, will include industry's relationship with the Government and how far the CBI ought to become involved in party politics.

Shortcomings

"The steering group is concerned not simply with adjusting relative strengths, but also with identifying shortcomings, particularly in industrial relations and in relationships between industry, Government and unions," says the report.

"It has seen its particular task as establishing remedies for these shortcomings, especially in those areas where improvements can be brought about through employer action, either individual or collective."

Its recommendations aim to maintain a free enterprise system; concentrate the role of Government on issues which "the market cannot or will not provide;" protect individuals from the "abuse of power," maintain the rule of law, and achieve stability of economic and industrial policies beyond the lifetime of one Parliament.

The report acknowledges that employers in the past have "frequently shown an inability or unwillingness to act cohesively around agreed policies," and have acted "equivocally and inconsistently" over issues such as income polices.

"Sometimes too they have failed to accept their responsibilities as managers, and have been far too ready to leave them to others."

The steering group found considerable scepticism among CBI members about ideas for increasing "employer solidarity." It says that, apart from its ideas for a strike insurance fund, "progress is unlikely to be either dramatic or sudden."

Taking a theme of "the issue determines the grouping," the report says there is "little value in seeking to provide a structure for solidarity or unity without first defining the issue involved."

The group recommends three areas for improving liaison and unity between employers. The first is where an issue warrants a "common approach across industry, both in industrial relations and in dealings with Government."

The second is where there can be more co-ordination of information between different industries with similar problems.

The third involves the overall improvement of the representation of business interests.

On the financing of strikes, the report calls for social security benefits to strikers to be reduced, in line with established CBI policy.

But it goes further with its strike insurance fund idea, which is aimed at further changing the balance of financial power in an industrial dispute.

Fund

A working party set up by the CBI with five insurance broking companies is now examining terms of a possible mutual fund for CBI member companies.

"The essence of the mutual fund approach to strike insurance is that members of the scheme agree to compensate each other for losses on agreed terms, either on a self-administered basis or through an insurance company set up for this specific purpose. Payments into the fund are made by premiums and can be supplemented by further calls on the participating companies," says the report.

Special attention is being paid to six points:

1—Whether the measure of compensation should be based on a daily per capita rate, on standing charges, or some other formula.

2—How the event which gives rise to entitlement to compensation is defined to cover strikes inside and outside the participating company, as well as lockouts, work-to-rules, and other forms of industrial action.

3—Whether limitations or "excesses" should be included, saying, for example, that compensation should only be paid for damage incurred after a dispute has lasted perhaps 10 days.

4—Whether it is possible to reinsure the scheme against "catastrophe risk."

5—Whether the premium should be varied according to risk, using agreed criteria such as company's strike record and the geographical location of its plants.

6—The mechanics of the scheme, including the way in which it would be managed, the underwriting vehicle, requirements of arbitration or appeal, and protections against abuse.

On wider issues of labour law, the Jarratt steering group is considering whether it wants Britain to continue to have a basically voluntary system of labour relations, or whether it should seek a "more radical shift towards a differently constructed legal system."

It has already established that CBI members want to question the way in which the unions have been singled out over the years for special immunity from the processes of the law."

"The conduct, structure and role of trade unions are of direct and major concern to employers (just as trade unions have a legitimate, direct and comparable interest in the affairs of employers) because of the effect their actions can have on individual businesses and on national prosperity."

The steering group's interim report will form the basis of a three-hour debate on the second day of the CBI's conference, which is to be attended by more than 1,100 representatives of CBI member companies, and trade and employer associations. Mr. David Howell, Energy Secretary, is to address an eve-of-conference meeting on energy conservation.

The first morning of the conference will be dominated by a debate on the economy, when the high level of sterling will come in for considerable criticism.

Sir John Methven, CBI director general, said yesterday that he expected sharp differences of view to emerge on subjects such as the Government's regional and small firms policies and international trade. Labour law issues would also generate strong argument. These include the topics of closed shops and binding agreements, which are covered by specific resolutions chosen for debate, as well as being covered by the Jarratt report.

Editorial comment Page 24

High tax rates 'damage economy'

By Our Economics Correspondent

BROAD SUPPORT for the view that high tax rates damage the performance of the economy is provided by new evidence in the latest issue of Lloyds Bank Review today.

Mr. Michael Beenstock, of the London Business School, discusses some recent research by him and his colleagues on relationship between taxation and incentives.

The studies point to a distinct probability that taxation has upset the supply side of the economy. They indicate that if the total tax rate is too high both gross domestic product and tax revenue will be reduced.

Mr. Beenstock maintains that "the burden of proof is on those who argue that in the UK taxation does not act as a disincentive."

He says that the June Budget was "a more or less cosmetic" swapping of direct for indirect taxation. "A start has yet to be made on the absolute reduction of taxation."

The business school research suggests that on revenue grounds there is little or no purpose in having marginal tax rates over 60 per cent.

Marginal cost of £1 of revenue is about £3 in terms of disincentive effects. This implies, it says, that the move in the Budget to put a 60 per cent ceiling on tax rates is unlikely to involve a sacrifice of tax revenue.

Other work out the business school indicates that reduction of basic rate of income tax from 33 per cent to 30 per cent would initially increase supply of labour by about 0.6 per cent.

It was found that taxation affects companies' demand for labour.

Employment surcharges such as employers' national insurance contributions reduced labour demand and employment.

"It would therefore seem that, in a variety of ways, UK employment is sensitive to taxation," says the report.

BL to hear details of consortium's MG bid next week

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH consortium which hopes to take over production of MG sports cars will present detailed proposals to BL towards the end of next week.

BL yesterday said it was willing to listen to offers. "We have not completely closed the door," a spokesman said.

But he made it clear any offers would have to be particularly good if they were to compensate BL for the plans it had for MG and the Abingdon plant where the sports cars are currently assembled.

Under the terms of the latest reconstruction plan announced by Sir Michael Edwardes in September, Abingdon will take on some of the work associated with the introduction of the new Honda-designed car. This would leave room at nearby Cowley for the introduction of new models to be speeded up considerably.

And BL's marketing plans include the use of the MG name on a sporting saloon car—but not, it was stressed, on the BL-Honda vehicle.

BL has had dozens of offers for MG and the Abingdon plant. "Most of them are just not viable. But this latest one, from the British consortium, appears to be one that merits serious attention," the spokesman added.

Among other proposals BL has received have been those from representatives of its U.S. dealers who were in London this week to discuss the group's overall strategy in the U.S.

The dealers put forward proposals—which they asked to be kept confidential — about MG. BL told them their suggestions would be considered in the current review of its U.S. marketing strategy and promised to meet the dealers again in New York "within a month."

One compromise which might suit the U.S. dealers, the consortium and BL could involve a licensing deal for Aston Martin, one of the companies in the consortium, to make MG cars under licence from BL at another plant. That would allow BL to both retain the MG name and use Abingdon while giving the consortium access to the existing MG dealerships.

Mr. Alan Curtis, joint chairman of Aston Martin, who was in London yesterday for discussions with financial institutions about cash for any deal, admitted that any deal over MG depended on the goodwill of BL.

He first discussed the broad proposals on Monday and Tuesday this week on the telephone with Mr. Ray Horrocks, managing director of BL Cars, who expressed he had "an open mind" on the subject. A meeting was arranged for Friday next week.

"The general framework of our plan has been worked out very quickly because we feel we must act quickly," said Mr. Curtis. "But we are satisfied we can put together a motor car."

It was not possible to say how much the scheme would cost until the fine detail had been worked out.

Involved in the consortium with Aston Martin are two public companies, British Car Auctions and Norwest Holst, the construction group. Mr. Curtis maintained: "This could be a good business deal if it is put together properly. It is not just a question of saving the MG — although that is a prime consideration."

He added: "BL is run by sensible people, and I am sure they will see the sense in the deal we will offer."

Court ruling on blacktop

The Restrictive Practices Court yesterday ruled that 86 ready-mixed concrete agreements and 77 blacktop agreements were against the public interest.

The Court rulings mark the final stage in lengthy proceedings against 48 ready-mixed concrete companies and 20 blacktop companies under the Restrictive Trade Practices Act and follow a court ruling in March that these particular agreements were null and void.

Because of procedural problems court orders under section 1 (3) of the Act were not made yesterday on a further seven ready-mixed concrete agreements and two additional blacktop agreements.

Universities threatened by higher overseas fees

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SOME UNIVERSITIES were threatened with closure by the Government's plan for 150 per cent increases next year in new overseas students' fees, said Sir Alec Merrison, chairman of the Committee of Vice-Chancellors and Principals, in London

The increases and the freezing of the 44 UK universities' other income at 1979-80 real terms levels, made the prospect of closures "pretty high."

A number of institutions were already bankrupt, Sir Alec said, and if fees of up to £3,500 at today's prices reduced intakes of overseas students, several universities could well be unable to pay staff.

The committee has written to Mr. Mark Carlisle, Education Secretary, saying the Government's proposals represent an overall cut of 13 per cent in the universities' financial support, currently about £800m a year.

But cuts would be larger for institutions which cater for large numbers of overseas students. Birmingham would have to replace 15 per cent of its income; London 18 per cent, and the University of Manchester Institute of Science and Technology 33 per cent.

£25m defence order for Plessey

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

Plessey Defence Systems has been awarded a £25m contract by the Ministry of Defence to manufacture the Wavell automatic data processing system for military use.

The system will give improved control of operations, by swifter information. Vital tactical information can be stored, retrieved and amended as necessary.

It has been given a year's trial by the Second Armoured Division in the British Army of the Rhine, and as a result, the production order will ensure the introduction of the system to the whole of BAOR.

Peugeot 505

THE LAUNCH of the Peugeot 505 in the UK is next Thursday, not this week as stated in the Financial Times yesterday. Only the UK prices were announced yesterday.

'Computer in a briefcase' unveiled

By John Lloyd

A BRITISH-designed "computer-in-a-briefcase," claimed to be the first of its kind, was launched yesterday.

The PBM—portable business machine—is the brainchild of Mr. Len Rodkoff, a communications engineer, and Mr. John Anderson, formerly policy advisor on microprocessors at the Department of Industry.

The machine which is literally in a briefcase, has the capacity of a much larger system and a slim display screen. A connector gives access to telephone lines for data and viewdata information.

The PBM can store the records of a small business, and comes with a standard accounting software package. It costs about £6,500 and a company—PBM Ltd—has been formed to manufacture and market it.

So far, the company has been backed largely by the two founders' money, with no City or government aid—in spite (or because) of Mr. Anderson's former connections.

Mr. Rodkoff said: "Just around the corner there will be electronic transmission of documents using PBM, and even facilities to allow the user to speak direct to the computer."

Tesco claims record grocery sales share

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE TESCO supermarkets chain claims it has achieved its highest ever share of the packaged grocery market.

At the same time, the company has announced a £1m price-cutting campaign on non-food items financed by expenditure originally ear-marked for television advertising.

Tesco says that, based on research carried out by Audits of Great Britain, its share of the packaged grocery market for the four weeks ended September 15 was 14.2 per cent. Before the company launched its major price-cutting campaign in June, 1977, its market share was slightly less than 8 per cent.

Although no figures are available for other supermarket groups, it is understood that J. Sainsbury is Tesco's closest rival with about 11 per cent of the market.

Tesco expects that the next set of market share statistics will show a further slight gain. The statistics will take into account the results of a special two-week promotion campaign.

The decision to cut prices on non-food items, such as clothes, was taken after the fall in consumer spending during the past few months. Tesco would normally have advertised heavily on television to build up sales for the important pre-Christmas trading period. But because of the Independent Television strike, it has decided to put the budgeted spending into price cuts.

The move is timed to coincide with this month's tax rebates. These result from the reduction in the rate of income tax announced in the Budget.

Savo to expand electronics product range

By Ray Perman, Scottish Correspondent

SAVO ELECTRONICS of Inverness, which makes metal and mineral detection equipment under licence from the U.S. yesterday moved into a £750,000 factory built by the Highlands and Islands Development Board and announced that it is to develop a new range of products.

Mr. Alfred Olsen, chairman and managing director said the company had concluded a joint venture agreement with a major European company.

"As a result of this agreement we will begin production early next year of a range of products quite different from detectors. The venture will create 50 new jobs and will require a further extension of our factory within the next 12 to 18 months."

Savo, a subsidiary of Marketing Services of Oregon, has grown from three employees to 75 since 1976 and a further 25 jobs will be created before the end of this year.

CONTRACTS

Astbury wins Cannock and Crewe building jobs

Retail stores and warehouse units for Field Estates Company at Bridgtown, Cannock, Staffs., valued at £1.6m, are to be built by A. AND R. ASTBURY. Workshops, offices and alterations to test beds for Rolls-Royce Motors, at Pyms Lane, Crewe, are being built by Astbury under a £929,000 contract.

★

EUROQUIP has won two contracts for bulk storage and handling equipment worth £1.2m. One is for barley and malt storage silos with outloading facilities for the new maltings being built for Scottish Malt Distillers and the other is an extensive range of round and rectangular hoppered silos for Buckie Maltings.

★

MICROWAVE ASSOCIATES has received an order worth more than £1m from Marconi Space and Defence Systems for the manufacture of frequency synthesised local oscillator sources. These will be used in NATO Satcom Phase III satellite ground station systems. The orders include the supply of both the first and second local oscillator units for double heterodyne microwave receiver systems.

★

MECHATHERM ENGINEERING has received orders worth around £900,000 from London Works Steel Company for a 60 tonne/hour top fired - walking beam furnace; and two low thermal mass reheating furnaces for IMI (Titanium).

★

MEMBRAIN has won an order worth £750,000 from the Swiss Army for the MB7770 Universal Automatic Test Equipment. Five systems are involved, the most powerful yet built by Membrain. The Swiss Army will use the systems to provide testing and maintenance for advanced weapons systems.

★

Work has started on converting and modernising two existing factories on Kingsway, Team Valley Estate, Gateshead. These factories, of 10,000 sq ft each, will be converted into eight smaller units of 2,500 sq ft each. The contract, worth about £481,500, has been awarded to DEREK CROUCH, Birtley, Tyne and Wear.

Dan-Air to spend £15m on medium-haul aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR, the UK independent airline, will spend up to £15m in the next few months on new aircraft, including two Boeing 727 short-to-medium range jets, a British Aerospace One-Eleven twin-engine airliner, and one BAe 748 twin-turbo-prop aircraft.

The 727s will be fitted with long-range fuel tanks to enable them to carry loads of up to 187 passengers for much further distances, including the Middle East and, with one fuel stop, the Caribbean and North America.

The One-Eleven will raise Dan-Air's fleet of these aircraft to seven, all of which will be "hush-kitted" for quietness.

The addition of the BAe 748 brings the fleet to 18, of which 14 will be used for oil-related work in Scotland and the Shetlands, with four allocated to scheduled services.

The airline will retain only two or three of its Comet jet fleet, for stand-by duties only. It will also keep its two Viscount turbo-prop airliners.

Dan-Air starts its new service between Gatwick and Aberdeen on November 1, while on December 16, it begins flights between Gatwick and Toulouse. The airline is mounting a major promotional campaign for these new routes.

Wool industry 'disenchanted' with EEC trading policy

BY RHYS DAVID, TEXTILES CORRESPONDENT

MR. TOM HIBBERT, chairman of the Wool Textile Delegation, has warned that the industry has become deeply disenchanted with the European Economic Community since Britain joined.

His remarks in Bradford follow industry closures over the lowpast year which cut its employment by about 6,000 to 2,600. Further redundancies are expected and some people predict a total job loss of about 12,000 this year and next.

The depressed state of world textile markets is a major cause of the decline. But Mr. Hibbert claimed that the UK was hit hardest because it had become a dumping ground for subsidised and low-labour cost textiles from all parts of the world.

The UK market was easier to penetrate because of its highly developed retail distribution network and British adherence to a time-honoured code of fair play. Other countries in the EEC succeeded in checking the import flood by administrative delaying tactics.

"I regret to say that the British wool textile industry has become very disenchanted with the EEC. When the EEC referendum was held our trade organisations strongly supported continued membership and, in fact, organised a public relations campaign in favour of a positivve vote.

"Our experience of EEC industrial and trade policy since then has, however, been bitterly disappointing. Developments in the past 18 months have progressively reduced our faith in the EEC. It seems political considerations are being allowed to override economic priorities such as the preservation of the EEC's textile and clothing industries," he said.

Mr. Hibbert called on the Government to reaffirm its pledge on the long-term future of the industry and to make its position clear to the EEC Commission. Not only were jobs being lost at an alarming rate but the industry's technical and economic basis was also being seriously undermined.

"We are not asking for a state hand-out but a better deal for an industry which has traditionally been able to meet and beat world competition, provided it is fair and unsubsidised," he said.

Mr. Hibbert's remarks come as the industry unveiled a new confederation which will group together the main wool textile trade associations. The new body, the Confederation of British Wool Textiles, will replace the Wool Textile Delegation which represented the wool textile case to government, and the Employers' Council which handled industrial relations including wage negotiations.

Independent

Various other smaller wool textile trade bodies are likely to be merged into the new association later, but the National Wool Textile Export Corporation, financed by a statutory levy on companies in the industry, will remain independent. Mr. John Parr, 44, will be director-general of the new organisation. He was director-general of the British Footwear Manufacturers Federation and then head of the Social Affairs Policy Directorate of the EEC Council of Ministers. Mr. Hibbert will be the first honorary chairman of the new confederation.

Rowntree plan

ROWNTREE MACKINTOSH is investing about £3m at its Norwich confectionary factory for moulding equipment so the plant can take over complete production of the successful Yorkie bar. Already £2m has been spent on the project, which will eventually mean more jobs.

مكرامن الأصل

It may look as though the building business is moving steadily out of traditional materials and into plastics. It's happening, and the all-plastics house may be just around the corner.

Of course it could be quite some time before eager young housebuyers get a complete house in plastics. Perhaps never. But if it does happen, PVC, being the versatile material it is, will play a large part in it.

BP Chemicals already supply vast amounts of Breon PVC in many grades for cables, flooring, piping, cladding and other uses. We supply the raw materials for many other domestic and industrial uses, too. In fact there are very few homes indeed in which you won't find something from BP Chemicals.

BP Chemicals are one of the founders of the European petrochemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply. This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

BP

BP chemicals-making it all happen

Howe pledges firm money supply control

SIR GEOFFREY HOWE, the Chancellor, said at the dinner that the Government was in no doubt that monetary policy was—and must continue to be—at the heart of the fight against inflation.

The responsibility for a progressive reduction of the growth in money supply was one "which we as a Government accept to the full," he said.

Sir Geoffrey said: "At the recent IMF meeting in Belgrade there was wide agreement on the presing need for the industrialised countries to put their economic house in order. The view held by almost every major country was that inflation is the most serious problem facing them and that priority must be given to the fight against it. There was also agreement that this fight will be long and difficult.

"One reason for this is that inflation has become embedded in expectations. People expect prices to go up and do not believe inflation can be reduced.

"This new phase of resigned expectation represents a further worsening of the inflationary disease—the culmination of a long period during which the actions of policy-makers at all levels have tended to make matters worse. We have now reached the stage—and this too was a common thought at Belgrade—where inflationary expectations can be reduced only by a sustained change of direction. This belief has been fundamental to our policies during the last six months.

"So let me give you this assurance. Her Majesty's Government is resolved to carry through the sometimes painful measures necessary to curb inflation and inflationary expectations. We are determined to secure the overdue change in the seemingly comfortable but actually very harmful assumptions to which too many people have clung for far too long.

"The Government was in no doubt that monetary policy must be at the heart of the fight against inflation.

"This was not a novel concept, adopted as a substitute for every other element of policy. Previous Governments had embraced it for a time, but lacked the resolve to carry it through. This Government would not fail in that respect. It was absolutely committed to the progressive reduction of the rate of growth of the money supply as a necessary condition of reducing inflation. This commitment was a responsibility which could not be discharged by anyone else, and properly vested on Government alone.

"That carried with it the responsibility to pursue consistent fiscal policies and to restrict public spending—with all that that involved—to what the nation could afford.

"But Britain's economic health would be much more quickly restored if others would recognise and accept their responsibilities too. Pay settlements that were not matched by better performance could only prolong inflation, reduce investment and destroy jobs.

"Responsibility for this was shared between employers and employees. It might not be their firms or their jobs immediately. They might think it would only affect others. But that was a dangerously short-sighted view, for in the end no one gained if we lost the battle against inflation.

"There was a responsibility too on the great financial institutions—to adapt their lending policies to the limits implied by the monetary targets and by the Government's determination to hold to these, and to make clear to those to whom they do lend—personal and corporate customers alike—the implications of the Government's policies.

"The arithmetic was such that if this message was not very widely understood and accepted there would be a more severe financial squeeze and firms and individuals would not get the credit which they expected or on the terms they expected.

"There is no point in pretending that a firm monetary policy does not involve hard decisions," Sir Geoffrey said. "It has already done so — in the higher Minimum Lending Rate I had to announce at the time of the Budget. I have no wish whatsoever for a high level of interest rates to persist any longer than necessary. We all know very well the burden it places on the private sector, on which our economic recovery so heavily depends.

"We have bred the sentiment that it does not matter what damage individuals or groups may do, it is Government's business to put it right. Yet it is precisely this greater recognition of group and individual responsibility that is most needed in our society today."

"With its customary skill the City capital market has succeeded in financing the Government's borrowing requirement during recent years. But the fact that it can be done is not a sufficient reason why it should have to be done on that scale."

The argument for economies in public spending went far wider. Given Britain's immediate growth prospect, it would be highly irresponsible for any Government to do other than rein back the public spending plans published by the previous Government.

"To the extent that some programmes, neglected in recent years, must be allowed to grow, the growth of others will have to be reined back—and some will have to fall in real terms—if we are to meet our objectives. The Government's decisions on expenditure next year will be announced in a White Paper shortly after Parliament resumes."

Many of these adjustments would be very difficult, and would be presented as a "heartless" response to Britain's difficulties. But the "soft" option was really no option at all.

"We are determined to secure the overdue change in the seemingly comfortable but actually very harmful assumptions to which too many people have clung for far too long."

Monetary control, fiscal restraint and realism in public spending worked together and supported one another in the fight against inflation. They were only one half of the policy. "We must not only control the money but encourage the production of goods and services.

It was determined to make sure that fiscal policy also plays its part. "For within a given monetary target, financial profligacy on the part of the Government can only mean financial stringency for the private sector. There is no escape from this."

The need to reduce direct taxation to stimulate the supply side of the economy meant that the necessary monetary restraint was possible only if expenditure was also restrained.

Inflation killing growth—Governor

THERE was no longer a choice between defeating inflation and satisfactory growth, Mr. Gordon Richardson, Governor of the Bank of England, said at last night's Lord Mayor's Dinner.

He argued that inflation had become far too serious a problem. Until it was under control there could be no real economic growth.

Unless inflation was defeated, it would be worse in the future. Furthermore, if wage increases were large and unmatched by increases in productivity, profits would be reduced further and recession hastened.

Mr. Richardson said: "It is instructive to cast our minds back six or seven years — to the time before the great increases in oil prices in 1973. For even before that shock, the acceleration of inflation had got under way. When oil prices were increased, there was, quite generally, an over-sanguine evaluation of the inflationary danger.

"Many countries — this country among the foremost — thought that they could ride out the difficulties by maintaining demand. The hope was that inflation, though exacerbated by the oil price increase, could be got down gradually lower year by year. That attempt has unfortunately foundered. Inflation did not come down enough; and it is again on the increase.

"Now the world has been faced with further steep increases in the price of oil. But practically no country now takes the earlier confident view. I was very struck at the Belgrade meetings how developing and developed countries alike now put the defeat of inflation as their first objective.

"Some argue that we are free to choose between defeating inflation and satisfactory growth. My case is that we no longer have such a choice. Inflation has got far too serious. Until we have got inflation under control, we cannot secure satisfactory economic growth."

"Over the last 15 years or so, and especially during this decade, inflation levels have been pushing upwards. Each inflationary peak has been higher than the last, and though there have been falls in some years, each new upsurge has started from a higher base. So it is now; the surge we are witnessing starts from a higher level than the previous surge about seven years ago. This country is more addicted to inflation than most; and there is no alternative but that we, like other countries, make the defeat of inflation our first task.

"Of the dangers and disadvantages of inflation I am sure I do not need to convince you. It represents a very great source of insecurity, uncertainty and inefficiency. Nothing works as it should; conflicts are intensified; what should be rational is made random; and planning for the future is frustrated. This we all know.

"Some argue that we are free to choose between defeating inflation and satisfactory growth. My case is that we no longer have such a choice. Inflation has got far too serious. Until we have got inflation under control, we cannot secure satisfactory economic growth. It might be possible to achieve a short-term spurt in activity. But while inflation persists at anything like its present pace, fiscal or other means of demand stimulus are unlikely to produce sustainable gains in activity and employment. They would, however, undoubtedly exacerbate inflationary pressure.

"My Lord Mayor, it is inflation, not the policies needed to counter it, that threatens the ideals of the welfare state and of full employment, by undermining the basis of the sound economy on which they depend. It is sometimes said that we have been forced to abandon these ideals and the post-war consensus on which they rested. But let me read you the following words: 'Action taken by the Government to maintain expenditure will be fruitless unless wages and prices are kept reasonably stable.'

"And then these additional words: 'The stability of these two elements is a condition vital to the success of employment policy. . . .'

single figure would be good

"These words were not written in the 1970s. They are taken from the classic statement of that consesus—the 1944 White Paper on Employment Policy. It was recognised then, as our actual experience teaches us to recognise more emphatically now, that there is no real trade-off between inflation on the one hand and employment and growth on the other—that action to maintain employment will be fruitless without reasonable price and wage stability.

"The truth is that if we do not defeat inflation now, because the treatment is unpalatable, it will be worse tomorrow. Some feel that living with inflation of, say, just within single figures would be good enough. Inflation, however, is unlikely to be so obliging. At such a rate it is much more likely, left to itself, to increase further than to slow down: and there would be little restraint on limit to how fast it might go.

"In the course of this last year our rate of inflation has increased substantially. A year ago, a combination of monetary, fiscal and incomes policies had succeeded in reducing inflation from the peak levels of 1974 and 1975 to around 8 per cent. But one leg of that tripod, incomes policy—inherently liable to erosion—collapsed last winter. By February it was clear that the turn in industrial relations and the size of pay claims threatened faster inflation. The threat only too quickly became reality.

"The truth is that if we do not defeat inflation now, because the treatment is unpalatable, it will be worse tomorrow. Some feel that living with inflation of, say, just within single figures would be good enough. Inflation, however, is unlikely to be so obliging."

"Price levels have since been further boosted by the rise in energy prices, and by the shift—desirable for the longer-term health of the economy—in the structure of taxation from direct to indirect. That effect is once-for-all, not a continuing source of inflation.

"In all these circumstances it is essential to hold firm to our monetary policy. It is precisely at a time like this that monetary discipline is most needed—though inevitably it is at such times that discipline becomes most painful. To hold monetary growth substantially below the rate at which nominal incomes are rising must involve pressures—pressures associated with fiscal restraint, a strong exchange rate and high nominal interest rates.

"Some people blame the monetary authorities for these pressures. But a central banker is surely entitled to ask precisely where lies the cause of any sense of monetary tightness in an economy whose output is not growing in volume terms, but where money supply is rising above 10 per cent. If the escalation of costs could be held within saner bounds, such monetary growth would provide ample room for real growth and improvements in real living standards.

"As you know, the rate of monetary expansion has in recent months been running at a rate around the upper limit of our monetary target, or higher if one allows for the distortions that have resulted from the enforcement of the corset. We have been facing strong pressure resulting from a high government borrowing requirement so far this year, combined with unusually strong borrowing from the banks by the private sector; and the need for the action we took on Minimum Lending Rate at the time of the Budget has been fully demonstrated by subsequent events. The September money figures published today suggest some slowing down in the pace of monetary expansion. But no-one can judge from one month's figures, and the future is far too uncertain to come to a view that there has yet been a change in the trend.

"Sustained reductions in interest rates depend on success in reducing inflation. That in turn will be influenced by the rate of monetary expansion; the way to get lower interest rates is to persevere with monetary control.

"I am conscious too of how difficult it is for business to live with exchange rate instability of the kind that the world has seen recently. But, at bottom, this also has reflected failure, or rather different degrees of failure, among the major countries to deal with inflation.

"The conclusion I wish particularly to point to is that if wage increases are large, and unmatched by increases in productivity, profits will be reduced further and recession hastened."

"Here at home the prospects are obviously uncertain. World trade unfortunately looks likely to slow down; and business investment may be falling away—largely perhaps because past economic growth has been slow. Moreover, profits have been very low and in many cases companies are already experiencing a worsening financial position. Thus it is in industry that the most vulnerable sectors of the economy lie and it is a fall in business spending—on investment and perhaps stockbuilding—that is most likely to weaken the economy next year.

"The conclusion I wish particularly to point to is that if wage increases are large, and unmatched by increases in productivity, profits will be reduced further and recession hastened.

"There is understandable concern that higher productivity will reduce jobs. In individual cases it may. But there is little doubt that higher productivity would add to employment prospects in many areas by enabling firms to compete and secure orders which are still there to be had in many world markets. On the national scale it is success in improving efficiency that will lead to additional jobs.

"We do indeed need to work towards a position where wage increases are earned by increases in productivity equally large, and where increases in wages outside this limit are hardly expected.

"The moral of what I have been saying is plain. How badly firms are hit will depend, in quite large part, on how well they can control their costs; it will depend on the ability of management and workers to back wage increases with comparable strides in efficiency. The situation no doubt varies widely. Many industrialists I have met remain confident, especially those successful in new product areas. But in general the future will depend importantly on co-operation by all concerned to produce much better results. A constructive and positive approach of this sort to our difficulties would lay sound foundations for a sustainable expansion. We shall not, I fear, avoid a period of difficulty. But what is crucial to the future of this economy is how quickly, and how effectively, we can position ourselves for recovery. Our productivity is so low that we could immediately transform our prospects by improvements which are easily discernible and ready to hand."

"What is crucial to the future of this economy is how quickly, and how effectively, we can position ourselves for recovery. Our productivity is so low that we could immediately transform our prospects by improvements which are easily discernible and ready to hand."

Sir Geoffrey: Monetary policy the heart of our attack on inflation.

Mr. Richardson: No real growth until inflation is brought under control.

Knighthood for Gadsden

ALDERMAN Peter Gadsden has been appointed a Knight Grand Cross of the Order of the British Empire.

Alderman Gadsden was recently confirmed as the next Lord Mayor of London in succession to Sir Kenneth Cork.

Stock Exchange head hits at 'squandering'

BY CHRISTINE MOIR

ECONOMIC ILLITERACY has become a serious threat to society, Mr. Nicholas Goodison, chairman of the Stock Exchange, told the bankers' dinner.

It has led to "squandering the wealth of earlier generations" and creation of a "separate estate in the realm," the trade unionist, "which apparently thinks that we can work less and still consume more."

It has also led to a society which delights in "business-bashing," a luxury we cannot afford.

What was needed to overcome this tendency, Mr. Goodison believed, was a dual attack—Government must "dismantle the penal taxes levied on the savings which ordinary people put to work in industry and trade." At the same time, management needed to teach people about the value of profitable business to the community.

Echoing his letter to the Chancellor this week, which called for reform of capital taxation, Mr. Goodison asked the Government to provide more positive encouragement for employee share ownership schemes, and to even out tax incentives available to some forms of savings, so that all types of investment were fiscally equal.

He called on management to embark on a programme of technical education through schools, universities and television. It would need to work hard and repetitively to "break down the anti-business ethos which has been prevalent since the early 19th century."

Secondly, management must consult employees on business matters to narrow the gap between managed and managers. This would take a long while, but was the only route to real workers' co-operatives or "people's capitalism."

Mr. Goodison warned the unions against upsetting "our finely balanced society," and using "their monopoly powers to push pay claims which we cannot afford and which can only mean fewer jobs."

Merit is the key—Findlay

CRITICS OF the City of London have said that it is a place where power is wielded by small numbers of people speaking for vested interests, and excludes all those not of their number, Mr. Ian Findlay, chairman of Lloyd's, said last night.

In a dinner tribute to Sir Kenneth Cork, the outgoing Lord Mayor, Mr. Findlay added: "I know that you feel the City should be a place where merit, and not any advantage of birth or wealth, should determine promotion to responsibility."

Mr. Findlay did not wish to decry or diminish in any way the important part played in the City and the economy "generally by family firms, where tradition, commitment and dedicated interest sustain success."

In many City firms everyone who seeks to make a career "has a place on the ladder leading through promotion to the top. Nowhere on the ladder is there any obstruction indicating "thus far and no further."

"Of course, not everyone gets to the top. Some climb a little way and find the view quite acceptable without going higher. Others find the air getting a bit rarified and stop for a rest. There are those who carry on climbing though some find the going a little congested as the ladders converge towards the apex."

In all these cases people "have climbed upwards by their own exertions."

On "worker directors," Mr. Findlay said that he preferred to call them "director workers." He explained: "In this environment where all are working not only for themselves but also for their enterprise, there is a common interest to pursue.

"There is no question of 'them and us,' because everyone is 'we'."

Mr. Ian Findlay: Not a question of "them and us"

Lord Mayor backs Howe's moves

SIR KENNETH CORK, outgoing Lord Mayor of London, toasted Sir Geoffrey Howe, Chancellor, for his courage in the steps he had taken since the Government took office.

Sir Kenneth offered the support of the City institutions, the Treasury and the Bank of England.

At the same time, he pleaded with Sir Geoffrey to find ways of channeliog savings directly into industry instead of the property markets and secondary markets, where it tended to inflate prices.

"If we could make those avenues which appear more attractive at the moment tax-negative, and give clear advantages to those who actually put money into industry, then this might encourage further investment," said Sir Kenneth.

Investment would be particularly encouraged among small businesses.

Sir Kenneth went considerably further than Mr. Nicholas Goodison, chairman of the Stock Exchange, who has asked the Government to consider fiscal neutrality for all types of investment.

Sir Kenneth also suggested the need for a reduction of interest rates.

"If foreign industrialists can borrow capital for their industry at 7 per cent. we cannot fairly compete if we have to borrow money to put in new equipment at 15 or 16 per cent."

He urged industry to play its part. "We elect a Government and expect it to produce a rabbit out of a hat without expecting to give any contribution to that production."

In its first months in office the Government had given industry incentives, the freedom to bargain and the removal of petty restrictions. It was now entitled to "look to the people here tonight to see that they respond to that action."

Sir Kenneth claimed that industries supported by financial institutions were obtaining money "under false pretences" if they did not invest it. Industries with unemployed capital should use it to obtain greater production, "not necessarily in their existing business but where there is a place in the market."

He called particularly on manufacturers, with their fund of technical skills, to produce more of Britain's consumer goods and to compete with the rest of the world.

The Lord Mayor's guest list

Sir Lindsay Alexander, Mr. D. W. C. Allen, Mr. T. H. C. Amies, Mr. J. E. Ammerman, Mr. O. D. Angell, Lord Armstrong of Sanderstead, Mr. W. Armstrong, Mr. F. D. Ashby, Sir Frederick Atkinson.

Mr. W. J. Bailey, Mr. M. J. Balfour, Mr. J. Baring, Sir William Barlow, Mr. R. J. Barnes, Sir Donald Barron, Mr. A. M. W. Battishill, Sir Henry Benson, Mr. W. J. Benson, Mr. H. Bidwell, Sir George Bishop, Mr. George Blunden, Mr. G. Bowler, Mr. A. Gordon Brighton, Mr. Nigel Broackes, Lt.-Col. St. John Brooke-Johnson, Mr. B. J. Brown, Mr. T. A. Gore Browne, Mr. A. J. Buchanan, Mr. John B. Burke, Mr. G. W. Burrow.

Lord Caccia, Sir Adrian Cadbury, Viscount Caldecote, Mr. Hugh Cameron, Lord Catto, Mr. N. H. Chamberlen, Mr. Geoffrey Chandler, Mr. Richard Charvet, Mr. Donald Chilvers, Sir John Clark, Sir Robert Clark, Mr. Hilton Clarke, Mr. William M. Clarke, Mr. J. M. Clay, Mr. John Clement, Mr. J. A. S. Cleminson, Sir Kenneth Clucas, Lord Clydesmuir, Lord Cobbold, Mr. L. H. L. Cohen, Mr. A. L. Coleby, Mr. Christopher Collett, Mr. David Colover, Mr. W. P. Cooke, Sir Kenneth Cork, Mr. Norman Barrington Cork, Mr. Roger W. Cork, Mr. A.-G. Coulson, Sir Kenneth Couzens, Lord Croham, Mr. D. R. C. Cross, Mr. N. Crowley, Mr. M. J. S. Cubbage, Sir John Cuckney.

Mr. D. A. Dawkins, The Rev. Peter Delaney, Mr. Geoffrey Dix, Mr. Peter Dodds, Lady Donaldson, Mr. D. R. Donaldson, Mr. J. C. R. Dow, Mr. G. A. Drain, Lord Duncan-Sandys, Mr. P. H. Dunn, Mrs. Betty Durand.

Rear-Admiral E. Ellis, Mrs. June Evans.

Sir Robert Fairbairn, Mr. R. Fell, Mr. E. C. Felton, Mr. J. S. Fforde, Mr. I. H. F. Findlay, Mr. W. D. Finlay, J. L. Ensign Fish, Mr. D. G. Fisher, Sir Charles Forte, Mr. R. A. Fowler, Sir Murray Fox, Mr. Ian Fraser.

Mr. J. S. Gadd, Mr. R. D. Galpin, Col. Ronald Gardner-Thorpe, Mr. R. G. Gibbs, Cmdr. Sir Robin Gillett, Sir Leslie Glass, Mr. Robert Gold, Sir James Goldsmith, Mr. C. A. E. Goodhart, Mr. Nicholas Goodison, Mr. S. T. Graham, Sir John Hedley Greenborough, Mr. J. P. Griggs, Baron Jean-Louis Gunzburg.

Sir Arnold Hall, Mr. C. E. A. Hambro, Sir James Hanson, Mr. D. St. C. Harcourt, Mr. Alan J. Hardcastle, Mr. Anthony Hart, Mr. John Hart, Sir Cyril Hawker, Sir Barrie Heath, Mr. Ralph Hedderwick, Mr. J. S. Henderson, Mr. R. A. Henderson, Mr. Robin Herbert, Sir Michael Herries, Mr. E. W. F. Hill, Mr. G. S. Hill, Sir Gordon Hobday, Mr. David Hobson, Mr. John Holland, Sir Jasper Hollom, Mr. D. G. Horner, Mr. H. F. van den Hoven, Sir Geoffrey Howe, Mr. R. C. E. Hoyer-Miller, Mr. T. C. Hudson, Mr. John Hull, Mr. R. A. Huskisson, Mr. P. E. Hutson.

Sir Alexander Johnston, Mr. N. W. Jones, Sir Keith Joseph, Mr. Maxwell Joseph, Mr. Anthony S. Jolliffe, Mr. Michael Jordan.

Mr. S. E. J. Kemp, Sir George Kenyon, Sir John King, Mr. J. A. Kirkwood, Sir Arthur Knight.

Sir Hector Laing, Mr. Christopher Leaver, Mr. E. Adam Lee, Mr. R. E. Liddiard, Lord Lloyd of Dolobran, Sir Douglas Lovelock, Mr. Ivan F. Luckin.

Mr. P. C. Macadam, Mr. A. R. Macmillan, Mr. C. W. McMahon, Lord Mais, Mr. E. S. Margulies, Mr. Richard Marshall, Sir Roy Matthews, Mr. W. K. Mendenhall, Mr. C. J. Messer, M. O. Michon, Mr. R. F. Miller, Lt.-Col. Peter Milo, Sir Jeremy Morse.

Mr. F. Patrick Neill, Lord Nelson of Stafford, Sir David Nicholson, Mr. P. D. Northall-Laurie.

Sir David Orr, Mrs. Janet Owen, Mr. R. H. Owen.

Mr. J. B. Page, Mr. D. L. Palmar, Mr. D. De Paolis, Sir Peter Parker, Mr. D. Bruce Pattullo, Mr. S. W. Payton, Mr. R. W. Peacock, Dr. A. W. Pearce, Mr. B. G. Pearse, Mr. John Phillips, Sir William Pile, Sir Alastair Pilkington, Mr. C. Broughton Pipkin, Mr. David A. S. Plastow, Mr. Alan J. Ponté, Mr. Thomas Prentice, Sir Frank Price, Mr. Christopher J. Prideaux, Sir John Prideaux, Mr. L. W. Priestley, Mr. Leslie B. Prince, Mr. S. Procter.

Dr. Brian Quinn.

Mr. J. Radford, Mr. I. de L. Radice, Mr. Christopher Rowson, Mr. P. A. Revell-Smith, Mr. D. G. Richards, Mr. Gordon Richardson, Mr. Andrew Rintoul, Mr. A. J. O. Ritchie, Mr. N. J. Robson, Mr. E. P. T. Roney, Mr. W. G. D. Ropner.

Dott. Francesco de Nitto de Rossi, Mr. Evelyn de Rothschild, Mr. David Rowe-Ham, Sir Graham Rowlandson, Mr. Harold F. Rushton.

Mr. John Sainsbury, Mr. Walter H. Salomon, Viscount Sandon, Mr. J. L. Sangster, Sir John Saunders, Mr. Richard Saunders, Sir Bernard Scott, Mr. Geoffrey C. Seligman, Mrs. I. M. Sharp, Mr. K. J. Sharp, Mr. R. L. Sharp, Lord Shawcross, Mr. Philip Shelbourne, Lord Sherfield, Mr. H. Shuler, Mr. J. O. Skelton, Mr. J. F. E. Smith, Mr. R. B. Smith, Mr. J. P. Sowden, Mr. Peter Spencer, Mr. J. R. Stainton, Mr. Gerald Stitcher, Sir David Steel, Mr. Cyril Stein, Mr. G. Styles, Sir Arthur Sugden, Mr. M. C. Swift.

Mr. S. Tanaka, Mr. P. A. S. Taylor, Sir Robert Taylor, Mr. Norman Tebbit, Col. L. B. A. Thacker, Mr. J. M. Thomas, Mr. Jean-Claude Tiné, The Marquess of Townsend, Mr. Alan Traill, Sir Anthony Tuke.

Sir Peter Vanneck, Mr. W. M. Vernon, Mr. E. H. Vestey, Mr. R. Vine.

Mr. S. Wainright, Sir Bernard Waley-Cohen, Mr. D. A. Walker, Mr. Graham R. Walsh, Sir Douglas Wass, Viscount Weir, Mr. John R. Welch, Mr. M. H. W. Wells, Mr. D. J. West, Mr. D. Vander Weyer, Mr. R. C. Wheeler-Bennett, Mr. Malcolm Wilcox, Mr. G. J. Wilkins, Mr. Philip Wilkinson, Mr. V. G. Williams, Sir John Spencer Wills, Sir Leonard Wolfson, Mr. Brian Wright.

Mr. S. Yokota, Mr. Arthur Young.

Sir Philip de Zulueta.

Reports by David Freud, Christine Moir and John Moore

Civil Service unions launch attack on staff reductions

BY OUR LABOUR STAFF

THE TWO biggest Civil Service unions are issuing a pamphlet to their members attacking the Government's policy on manpower cuts and urging resistance to them.

The pamphlet produced by the Civil and Public Services Association and the Society of Civil and Public Servants states what they believe to be the size of cuts necessary in specific departments to meet objectives of 10 or 20 per cent manpower reductions.

It says the Government has no real mandate to carry out manpower reductions on such a scale and accuses Minister of trying to outdo each other in pushing through cuts.

The cuts, says the pamplet, will result in the drastic scaling down of regional aid and advice to industry, a deterioration in housebuilding and the environment and a major reduction in services to the disabled and other disadvantaged groups.

On the Government's 10 per cent option, it says this will mean reductions of 9,740 in Health and Social Security; 2,890 in Customs 4,290 in Environment and Transport; 1,640 in Trade and Industry; 5,150 in Employment and Manpower Services; 370 in Education and Science; 1,060 in National Savings and 31,460 in other departments.

● Customs officers were due to resume their work-to-rule at Heathrow, Gatwick and Dover this morning as a result of a breakdown in negotiations with the Customs and Excise Board.

The dispute arises from the board's decision to abolish a 300-year-old payment known as seizure rewards from November

Staged deal accepted

By Nick Garnett

UNION NEGOTIATORS yesterday accepted Government proposals for staging a 22-30 per cent pay deal for industrial civil servants.

The staging has been rejected by the union two months ago and industrial action imposed at selected establishments.

The action received only patchy support, however, and a survey among the 166,000 industrial civil servants resulted in an overwhelming acceptance of the staged offer.

The deal gives increases of 9 per cent plus £1 from July 1, a further 5 per cent in November and the balance of the rises in April.

Doctors and dentists offered revised pay deal worth 26%

BY GARETH GRIFFITHS, LABOUR STAFF

HOSPITAL CONSULTANTS, dental officers and community medical staff in the National Health Service have been offered a revised pay deal worth about 26 per cent and the scrapping of their proposed new style contracts.

A supplement to the 1979 findings of the review body on doctors' and dentists' pay, published yesterday, incorporates emergency rota and recall fees into ordinary salary scales.

The professional bodies had been unhappy about the emergency fees and the new type of contract. The charges were designed to relate pay more closely to work and responsibilities undertaken by individual consultants and staff.

The review body, set up in 1971 to advise the Prime Minister on doctors' and dentists' pay, says the salary structure has become increasingly complex and its detailed recommendations should be consistent for the various groups.

It is worried at some aspects of the evidence it was given and says that in a number of instances for the main 1979 report in June "it was doubtful whether real agreement had been reached at all."

The minimum salary for a consultant goes up from £9,528 to £11,859, maximum rate from £12,084 to £15,279. Senior hospital medical and dental rates go up from £9,52 to £11,859 and area and regional medical officers' salaries go up from a range of £12,180-£14,733 to £15,390-£18,267.

Senior administrative medical officers' rates go up from £14,175 to £17,637; district dental officers from a range of £7,224-£9,300 to £9,447-£12,219; and area dental officers from 9,771-11,106 to £12,312-£13,806.

The review body is recommending increased emergency rota allowances for community health doctors from 33 paid every six months to £132. Supplementary payments for area medical officers will also be increased.

Vauxhall workers ordered to halt secondary picketing

A HIGH COURT judge yesterday ordered a halt to secondary picketing of motor dealers' showrooms by striking Vauxhall workers. Mr. Justice Bush granted a seven-day interim injunction to a group of Vauxhall dealers after an hour's hearing at Liverpool High Court.

The workers, who have been picketing Vauxhall and Opel dealers throughout the North-West for the last three days, were not represented in court.

The pickets, members of the Transport and General Workers Union and the Amalgamated Union of Engineering Workers from Vauxhall's Ellesmere Port factory, have been on strike for seven weeks in support of a 25 per cent wage claim.

Last week the unions called off pickets at East Coast ports after a similar injunction was granted there. Further application will have to be made by the dealers in a week's time, but the interim injunction forces the pickets to pull off their cordon or risk a further application for their arrest for contempt.

The injunction named as defendants the strikers' leaders—Mr. John Farrell, convenor, Mr. Anthony Woodley, deputy convenor, and other officials.

Some dealers were not represented in court and do not have the protection of the injunction.

Mr. Woodley said later: "We will be taking legal advice but we have said all along that we intend to keep the picket lawful.

"There are more than 700 dealerships throughout the country. If necessary we can get by without upsetting this half dozen who have applied for the injunction.

"We had already planned to spread our net from Monday, but exactly where will be kept secret."

● A videotaped interview with Mr. David Abell, chairman of Leyland Vehicles, BL's bus, truck and tractor division, was shown at all 12 LV plants yesterday.

Each showing was attended by senior managers to answer follow-up questions from the 24,000 employees. In the interview, with Mr. Brian Redhead, Mr. Abell forecast that BL would be quickly run down if a significant majority of employees did not vote for the management's restructuring plans.

He suggested many dealers would switch to Continental trucks if the ballot registered a "no." He said: "Nobody is going to buy a Leyland truck if they think they are going out of production in two or three months time."

Police help break factory blockade

By Robin Reeves, Welsh Correspondent

A MAJOR police operation was mounted yesterday to allow the Lin-Pac group to take away plastic moulding equipment and jigs from its Rosedale subsidiary at Bedwas, South Wales.

The factory was closed with the loss of about 300 jobs because of losses caused by the engineering strike.

Some 200 policemen were on hand as a convoy of hired lorries arrived to load the equipment, which has been blockaded in the factory since the shutdown five weeks ago by a 24-hour picket of the workforce seeking to prevent the closure.

In contrast to a similar evacuation attempt two weeks ago, when a mass picket successfully prevented equipment being taken away, the police heavily outnumbered the workers and the convoy drove off without undue difficulty.

Incidents surrounding the first evacuation attempt are the subject of a special police inquiry.

Mr. Ifor Sibley, the works convenor, accused the police of "helping to break trade unionism in the country." Picketing of the factory would go on. The position was not lost completely, he said.

Equipment still inside the Rosedale plant includes moulds for plastic fittings for BL cars. The rundown of stocks of these components is reportedly threatening lay-offs at BL's Llanelli factories.

Following yesterday's operation leaders of the Amalgamated Union of Engineering Workers were accused of failing to give concrete backing to the men

'Patients code' for hospital disputes

By Gareth Griffiths, Labour Staff

GUIDELINES to preserve a "reasonable standard" of care of patients during hospital disputes have been issued by the 215,000-strong Confederation of Health Service Employees to its 900 branches.

The 15 points will soon be sent to members individually. The union says they will have "status of a binding code."

It is proposed to add them to the union rule book at a rules revision conference next year.

COHSE, largest union in the National Health Service, is particularly concerned over statements from the General Nursing Council warning nurses that they could face professional sanctions if health, safety or welfare of patients were put at risk.

The union believes the guidelines will circumvent this possibility.

The guidelines say the union has always acted responsibly towards patients. The key point in the guidelines says: "When operating restrictive measures, a reasonable standard of patient care will be maintained, and the respect of human dignity, which is of course a normal feature of COHSE membership, will be observed."

COHSE also emphasises that no industrial action should be taken, unless it is official, with the approval of the union's national executive committee.

The union says its policy is to regard local or national action as "a matter of last resort."

Unions plan action over ICL plant closure plan

BY JOHN LLOYD

UNIONS representing supervisory and technical staff at International Computers have decided on industrial action in protest at the planned closure of the company's plant at Dukinfield, Manchester.

The Association of Scientific, Technical and Managerial Staffs voted at a national advisory council meeting in Birmingham yesterday to call on the company to withdraw its proposals to close the factory next year.

The meeting also decided to ban overtime throughout ICL, to refuse to handle work normally handled at Dukinfield and to refuse all subcontracted work.

The draughtsman's section of the Amalgamated Union fo Engineering Workers—AUEW (TASS)—has also imposed an overtime ban, and has called on its members to black equipment produced at Dukinfield.

The company is negotiating with all its unions on the plant's closure, which would mean a loss of 900 jobs in Manchester and about 300 elsewhere in the company. A complete overtime ban is in force at Dukinfield, but the company appears hopeful that progress is being made

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RECYCLING

Aluminium from old cars

SEPARATION of aluminium and other non-ferrous metals from car shredder residues will be the task of a large plant to be built by Reynolds Metals on the basis of the "dense media" Stamicarbon process developed in Holland.

First plant of its kind in the U.S. and to cost several million dollars it will be on a four-acre site adjacent to the division's Sheffield, Ala., reclamation plant.

The plant will be capable of recovering more than 10m lbs of aluminium during its first year of operation.

Roberts and Schaefer Resource Service, Inc. of Rolling Meadows, Ill., the U.S. licensee of the Stamicarbon process, will provide final engineering design and install the equipment. The process is based on the use of liquids of different specific gravities to classify and separate materials according to their densities. It was first used in Holland for the separation of coal from shale. Later it was employed in separating scrap metals.

Reynolds Recycling and Reclamation will purchase car shredder residue from all over the U.S. The material will be processed in the dense media plant through multiple steps to remove insulation, rubber, stones and glass from non-ferrous metals and subsequently separate the aluminium from the brass, copper, and zinc.

The company point out that increasing amounts of aluminium are being used in U.S. cars and that its scrap heap "mining" will thus grow in importance.

Reynolds, POB 27003, Richmond VA 23261, U.S.

Recovery of plastics

RECLAMATION of waste "rubbish" plastic can be made a viable proposition, according to a new, small UK company.

Avrotone, of Unit 1B, Dryland Street, Kettering (0536-82475) is recycling 100 tons of such rubbish a month, including everything from failed washing-up liquid containers to warped records.

The company says it can split the various types of plastic into separate lots and also separate the dirt and paper, without disclosing how.

● TRANSPORT

Fewer bundles of wire

FOR YEARS vehicle wiring harnesses have consisted of bundles of wires, held together with braiding or tape.

During the early seventies, Rists introduced the revolutionary "Fabrostrip" process to manufacture harnesses in flat strip format to reduce packaging problems.

For the eighties, the multiplex wiring system from Rists offers a solution to the installation, handling, and complexity problems of today's bulky harnesses. It is based on a more compact electronically controlled system consisting of four parts.

Heart of the equipment is a device in control of the whole system, to transmit and receive digital electronic signals based on information from the driver's switch panel.

The multiplex harness or "ring main" consists of a power cable, to distribute current to the whole vehicle, and a separate wire, or wires, in parallel with it to carry the electronic signals.

Local control units act under the control of the central controller to switch power from the "ring" to the appropriate components as selected by the input switches, and also communicate with the central unit on the state of health of any of the vehicle's electrical systems. Local harnesses carry current from local controllers to units supervised by them.

Rists, Lower Milehouse Lane, Newcastle, Staffordshire ST5 9BT. (0782 563366).

● ELECTRONICS

Taking a look into the 1980s

LATEST REPORT from Mackintosh Publications, "Microelectronics into the 1980s" examines the activities and plans of France, Italy, Japan, the UK, the U.S., and West Germany and outlines the future as seen by I. M. Mackintosh himself, R. L. Petritz and I. M. Barron.

The report says that governments are being forced to re-examine their industrial infrastructure and to consider the social implications of microelectronics, at a cost estimated at $4.5bn—which excludes indirect support arising from defence contracts.

The view of Ian Mackintosh is that in spite of the entrepreneurial freedom enjoyed by the U.S. the balance of advantage is now beginning to swing away from that country mainly because of growing skills in Japan and Europe, the concentration of activity into large companies in Europe particularly, and the more likely presence of government aid.

Mackintosh goes so far as to predict that "American producers will face problems of daunting magnitude in maintaining their global market share."

Professor Barron's view is that with the presence of more and more memory on the chip a super component will soon appear that is really an "intelligent storage device." He also believes that the policy adopted in some countries, including the UK, France and West Germany, of encouraging narrow, custom markets instead of concentrating on microprocessors and large-scale storage devices may well not be good enough.

He concludes: "The effect of microprocessors on the custom design approach is likely to be so serious that national policies based upon this for the survival or growth of their electronics industries are called into question."

The report is produced in A4 size, is 96 pages long and is priced at £30.

Mackintosh Publications, Napier Road, Luton, LU1 1RG (0582 417438).

Better than floppy disc

THOSE ACQUIRING Intel's microprocessor development systems can now also have a one Megabit bubble memory board so that they can develop systems making use of this new kind of solid state bulk memory in place of the conventional floppy disc magnetic store.

The bubble board itself contains a micro for storage control purposes. The processor in the development system communicates with the memory controller via a set of registers using normal input-output commands. A set of test programs is supplied on a double density floppy disc for exercising the memory.

Storage elements on the board are the company's recently announced bubble device in which data is stored as tiny magnetic areas on a very thin film of synthetic garnet.

Intel points out that the capacity of the new board exceeds that of a single density mini floppy disc by a substantial margin. In addition, the devices are magnetically protected, allowing them to be used near ert coils, transformers etc.

More from 4 Between Towns Road, Cowley, Oxford (0865 771431).

Thin-film approval won

MICROELECTRONICS Group of Ferranti reports that it has just received British Standards approval to BS9450 for its thin film passive networks.

The company believes it is the first such approval to be granted by BSI — manufacture to such standards involves detailed and comprehensive quality control.

The packages are used for defence, process control, oil and gas and many other industrial applications where quality and reliability are dominant factors.

Established in the early 1960s, the Ferranti facility is able to design, produce and test to the customer's specification a wide range of hermetically sealed packages, active and passive. The customer can ask for almost any type of modern semiconductor device to be incorporated into the circuits; resistor values can be produced to accurancies better than 0.01 per cent.

Approval of the active circuits is currently being sought.

Ferry Road, Edinburgh EH5 2XS (031 322 2411).

Bubbles in the sky

AVIONICS bubble memory of an advanced type will be developed by Rockwell International Corporation's Autonetics Strategic Systems Division under a $1.7m contract from the U.S. Air Force Avionics Laboratory.

The 30-month development effort will demonstrate high-density memory systems for airborne applications, and provide a basic system having 16m bits of memory, expandable in modules to 320m bits.

Rockwell will be delivering cells, memory modules and two advanced development systems through the course of the contract. Each cell will contain four one-Megabit chips and will serve as a basic building block for the total system.

The full-up memory system has a design goal of a maximum data rate of 4m bits per second operating at 100 watts.

Electronic Systems Group, Anaheim, CA 92803, U.S.

● COMPUTING

Will get together in Europe

EUROPEAN POWER AXIS MOVES TOWARDS an international association of large computer service companies are being made in Europe to aid the development and growth of its members.

Data Team International is being set up by BOC Datasolve in the UK, Central Beheer Cea from the Netherlands and GFA Exdata from West Germany to promote business through the sharing of experience in marketing, product development and operations.

Other services companies, among the top three in their own countries, are to be invited to join the international group, with maximum of one member per country.

Data Team International will exchange experience, know-how and people to assist in marketing, investigate the products used by other companies in the group and look towards the common development of software and hardware selection for bureaux and bureau end-users.

Datasolve on 09327 85566.

● INSTRUMENTS

Balancing of large rotors

PORTABLE, a new electronic unit is designed to provide a simple means of dynamically balancing large electrical machine rotors, although its use is not restricted to electrical machines.

This Brush vibration analyser accepts a 50/60 Hz mains or external battery supply and takes input signals from vibration transducers and an electronic proximity detector which response to a shaft protrusion (bolt, key, etc.) and produces one pulse for each revolution. From this, a fixed amplitude sinusoidal reference voltage is synthesised which is locked in phase to the shaft angular position. The output from the vibration transducer may then be analysed in terms of quadrature and in-phase components with respect to the reference sine wave. These quantities are displayed on two analogue meters.

Particularly useful with rotors where final dynamic balancing is achieved by the addition of peripheral weights at a particular single shaft location the unit measures initial vibration components and then, with a test weight added to the shaft, the required value of the balance weight and its angular position may be calculated.

A digital display indicates speed in rev./min. (or rev./min. × 10), while total RMS vibration, in terms of either velocity or amplitude, is indicated using an analogue meter.

Brush Electrical Machines, POB 18, Loughborough, Leics. LE11 1HJ. 0509 63131.

● COMMUNICATIONS

Process the data

FURTHER ADVANCES in its call data recording equipment have been announced by Bunzl Telecommunications Services with a system which allows the data to be processed immediately after collection, on site.

Previously the company has either sold, hired or leased portable data recording systems only, the processing taking place at a Bunzl computer centre.

To achieve the result the company has added a second DEC LSI—11 microcomputer complete with visual display unit, separate keyboard and printer. Not only is no telephone call data lost—the user can print or display specific data immediately after the call has occurred.

Furthermore, system parameters and report demands can be changed during normal working hours and the production of routine management reports needs no manual intervention.

Latest system can be used with most PABX, PMBX and PAX exchanges and is being further developed to deal with data from modern stored program exchanges. More from 212, Addington Road, Selsdon, South Croydon CR2 8LD (01 657 8855).

Monitors phone calls

ONE OF the first companies to introduce telephone exchange monitoring equipment into the UK, Minister Automation, called its initial equipment Tiger and in those days it was housed in 19 inch racking.

The latest model, "Tiger Cub," is not much bigger than a couple of shoe boxes and is microprocessor-based. It can connect to every exchange and extension line on a PABX 1 or 7 and collects details of all outgoing, incoming and internal calls without monitoring the speech itself.

A far cry from the original model, Tiger Cub works in real time so that any call on completion can appear as data on the desk unit according to criteria entered by the user. These can include calls to specific locations, calls made to and from selected lines and extensions, incoming answer times (allowing operator response to be examined), and calls exceeding a set duration or cost.

Processor measures only 420 x 235 x 385 mm and weighs 15 kg, taking up very little space in an exchange room. The desk unit is essentially a keyboard, silent printer, digital clock and a visual alarm indicator. Stone Lane Industrial Estate, Wimborne, Dorset BH21 1HD (0202 88025).

● WELDING

Heavy-duty welder

NEW FROM Torvac, the CVE6SHD Mk.II is a heavy-duty electron-beam welder to provide high production rates on medium to large-sized components in an industrial environment.

Using a semi-automatic rotary loading system and a fully programmable welding sequence, the new 8kW, 60kV machine can achieve output rates of up to 150 pieces per hour.

The rotary loading table allows loading and unloading to take place either manually or completely automatically while the welding process is under way. Once loading has taken place, parts are transferred to the welding chamber, and the welding cycle is initiated immediately by a simple pushbutton signal. Components can be loaded and unloaded while the vacuum chamber is being pumped, resulting in substantial time savings compared with manual loading direct into the work chamber.

The automatic welding process provides for control of any or all of the normal parameters. It provides, if required, automatic pre-heat, tacking, welding and post-heating operations using a programmable cartridge-type data store. Options available include thumbwheel setting of actual welding speeds and digital display of parameters.

Torvac, Heston, Cambridge CB4 4HE. 0220 232646.

● MATERIALS

Will solve sticking problems

ROOM temperature curing, two-component, electrically conductive silver epoxy adhesive is a soft paste which can be used with a hypodermic needle squeeze tube, spatula or automatic dispensing equipment and has a pot life of three-four hours.

Electrical conductivity of Elecolit 325 is high. It cures at room temperature in 24 hours, and can also be rapidly heat-cured to yield a volume resistivity of 0.0005 ohm/cm.

Excellent for chip bonding in hybrid circuits, hybrid assemblies, wave guide plumbing, making connections, paths and connecting heat sensitive components to printed circuit boards, it is available from Industrial Science.

The same group has a "decapsulation kit" that dissolves most cured plastics used in the packaging of electronic assemblies. This is invaluable for failure analysis, depotting for repair and retrieval.

Materials removed by the solvents include epoxies (both cast and transfer-moulded), silicones, varnishes, urethanes, elastomers, coatings and foams. Some are selective solvents and attack only one type of plastic while others dissolve several.

Industrial Science, Leader House, Snargate Street, Dover CT17 9DB. 0304 202656.

THE PROPERTY MARKET BY ANDREW TAYLOR

Frankfurt rents rising

THE FRANKFURT OFFICE market has traditionally attracted little UK investment compared with other major European centres like Amsterdam and Paris—but with rents rising in the city and good modern office accommodation in increasingly short supply new opportunities may now be arising.

Rents for top offices in Frankfurt, the financial and banking heart of the West German economy, are now steadily approaching the DM 30 per square metre a month mark—a level last achieved in 1973/74.

In the intervening years Frankfurt has suffered all the *ills of economic recession* and over-supply of space that bedevilled the commercial property markets in so many major European cities during the mid 1970s.

But this climate has steadily improved since the end of 1976 and, as the large backlog of empty offices built at the beginning of the decade have been gradually filled, rents have moved sharply upwards.

In the traditional banking area, *around* Neue *Maizner* Strasse, Gr. Gallusstrasse, Junghofstrasse, Taunusanlage and part of Mainzer Landstrasse, rents of well over DM 25 per square metre a month are now being achieved.

Asking rents for the 42 storey Frankfurter Buro-Center in Mainzer Landstrasse, and which is due for completion early next year, are currently in the region of between DM 24 and DM 28 a month.

British agents *Jones Lang* Wootton have been appointed sole letting agents for the 45,000 sq metres of Buro-Center offices, developed by the Hamburg based Werner Otto Group. And negotiations are already underway with several major German and international banks for around 30,000 sq metres of this space.

JLW, in its latest review of the Frankfurt office scene, says that rents—assuming no major change in economic conditions — "could rise dramatically in 1980 and 1981" after which more "steady rental growth can be expected."

The agents estimate that there is currently only around 200,000 sq metres of modern *office space now available in* Frankfurt. This compares with an annual average take-up of office space of 134,500 sq metres over the past three years.

In the first six months of this year a further 73,400 sq metres of offices has been taken up and the total figure for this year is expected to be in excess of the 1977 level of 150,200 sq metres.

The emerging shortage of good new space is more apparent in the prestige banking *and "west end" areas where* there is thought to be only about 78,400 sq metres of new space still available. If the Frankfurter Buro-Center is *excluded this figure is reduced* to 33,400 sq metres.

In one of the largest deals so far this year Commerzbank has taken 13,500 sq metres of offices on Neue Mainzer Strasse in the key banking area.

JLW says, that due to the long time it takes to obtain detailed building licences in West Germany, that it would take two to three years before any schemes now in the pipe*line could be brought on to the* market.

The agents estimate that the current supply of vacant modern office space is now equivalent to only 1½ years average take up, based on the experience of the past two years. In the prestige "west *end"—adjoining the traditional* banking area—supply is less than one year's average take up.

Throughout the city the supply of space available in modern buildings exceeding 500 sq metres had declined from 516,000 sq metres in January 1977 to just under 200,000 sq metres by June this year.

But UK investment institutions and developers have traditionally shied away from the West German property market, compared with their activities in Belgium, Holland and France.

Frankfurt while it remains the major financial and banking centre in the republic still faces stiff competition from a number of other West German regional centres—and also the capital Bonn—for commercial office users. In addition the West German market traditionally has been dominated by well-experienced domestic *developers and institutions.*

It is for these reasons that the West German market has been regarded as, generally, being too tough and too complex to be worth breaking into. But, with UK institutions increasingly looking overseas for property investment opportunities Frankfurt may be one city worth a visit.

Taylor Woodrow planning test

THE GOVERNMENT'S determination to reduce delays caused by planning restrictions *is to be put to the test by Taylor* Woodrow which, this week, announced plans to develop a £400m shop, hotel and "free port" complex on 119 acres of derelict London dockland.

The group, which is attempting to form a consortium of major cotractors to develop the *complex in Surrey Docks, says* the project will not go ahead unless it can win major planning concessions, in the form of a special development charter.

This would allow the consortium to seek, in a single package, all the planning permissions and political backing it will need to develop the site.

Taylor Woodrow claims that its World Trade Centre development in London's St. Katherine's Dock would have been finished next year, but for repeated planning and other political interruptions. Instead it may now take another nine or ten years to complete.

The construction group's experience at St. Katherine's Dock has also prompted it to *seek a new formula for agreeing* the price of the land it will need to acquire from the Greater London Council and Southwark Borough Council, which last week announced an international advertising campaign to sell the site.

Taylor Woodrow is proposing *to pay for the land in instalments*—on completion of each phase of the development—with the price calculated on actual building costs and rentals achieved.

This, says the group, would remove the drain of having to pay an expensive ground rent from the first day of development, when no rental income is likely to be received for several years. At St. Katherine's Dock the group has been paying an annual ground rent on the 15-acre site of £165,000 since 1970.

In return, Taylor Woodrow is prepared to guarantee to complete the *project* without the aid of Government funds and it has already made informal approaches to several major pension funds.

In addition the consortium would be prepared to finance and build the necessary access routes into the site—including a tunnel under the Thames—with costs to be met by charging motorists a toll.

It remains to be seen whether Taylor Woodrow's terms will *appeal* to Mr. Michael Heseltine, Environment Secretary, who recently announced the formation of two new urban development corporations to mastermind the redevelopment *of* derelict dockland, in London and on Merseyside.

These bodies however might provide the necessary planning umbrella to suit Taylor Woodrow's requirements and the corporations have been charged with the task of attracting *private sector finance into docklands.*

Complaints panel

A COMPLAINTS COMMITTEE *to report direct to* Mr. Michael Heseltine, Environment Secretary, on delays caused by planning restrictions, is to be set up by the Royal Institution of Chartered Surveyors.

The idea for the scheme was prompted by Mr. Heseltine, who has been concerned that a number of worthwhile schemes have been seriously delayed, either through planning and development controls, or by the length of time some authorities are taking to draw up structure plans.

RICS have already reported four cases of projects which have been delayed by planning restrictions and these are now being considered by the Department of the Environment.

A spokesman for RICS said: "We are now examining the best way of setting up a complaints procedure. Obviously a number of delays caused by planning controls and the like, are for genuine reasons, but it is possible for recalcitrant councils to turn down worthwhile schemes by using the planning machinery."

RICS will ask its members to compile cases of planning delays in the next issue of its house journal, Chartered Surveyor. These cases will then be sifted and passed on to the Department of the Environment.

● **The former Marks and Spencer store at 132-148 High Street, Perth, has been sold by tender to British Home Stores for more than £3m. The store has a frontage of about 80 ft. and comprises 28,000 sq. ft. on three floors.**

Brent Walker marina move

BRENT WALKER, rapidly expanding into so many different aspects of the leisure industry, now plans to build a £76m Port Grimaud style marina, housing and hotel complex at Southend on the Thames estuary.

Mr. George Walker, chief executive of the group—which now includes hotels, restaurants, film production, greyhound racing and discotheques among its leisure pursuits—says that the scheme, still awaiting planning permission, will be totally self financing.

"We plan to build 1,120 houses and 72 flats, the sale of which, during the latter period of the development, will contribute to construction costs, including provision for a hotel and marina," says Mr. Walker.

He estimates that the scheme will take four years to complete and that profits will start coming in during the final year of development.

Each house—expected to sell at between £65,000 and £85,000 at today's prices—will have mooring facilities. Mr. Walker says that the marina project, which will also include a health farm and local shopping facilities, has been made possible by a deep water channel which runs right up to the 40 acre site.

This channel, the Ray Gut will mean that a minimum depth of two metres of water will always be available.

Lewis looks west

JOHN LEWIS, department store group, seeking to expand its operations in the West Country, has been looking at several likely sites in Bristol.

Some discussions have already taken place with Bristol City Council and Avon County Council *which jointly own a 250,000 sq ft site*, adjacent to Newfoundland Road—and on the opposite side of the inner circuit road, to the Broadmead shopping complex.

It is understood that discussions have included the possibility that a bridge may be built *linking the new store with* Broadmead. Bristol's primary shopping area.

Bristol agents, Hartnell Taylor Cook, would like to see a major department store development on the site—part of which is now occupied by builders William Cowlin—as it believes that this would provide an added drawing card to attract shoppers into Broadmead.

Although shop rents in Broadmead have continued to rise to around £40,000 a year for a standard unit, the agents say that the area needs another major department store to compete with other rival shopping centres like Bath and Taunton.

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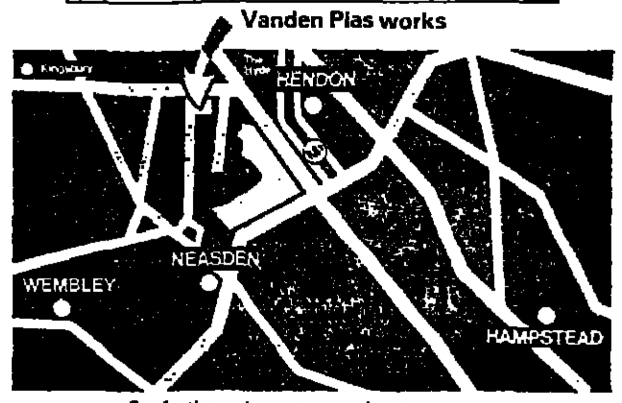

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: P.O. Box 23, Wembley, HA9 8DJ.

Two People, Two Careers, One Relationship. T. Weir and R. J. Burke in the Business Quarterly (Canada), Spring 79: p. 47 (7 pages)
Identifies types of dual-career couples, and describes the difficulties and dilemmas that confront them in terms of, e.g., physical and psychological overload, identity, crises, selection of friends, and role conflict; offers general advice for people involved in such relationships.

The French "Social Balance Sheet: European Journal of Accountancy (Journal UEC) (Fed. Rep. of Germany), Oct. 78/Jan. 79: p. 297 (5 pages)
Describes the content of the "social balance sheet" (more in the nature of a personnel fact-sheet than a form of social accounting) now obligatory in large French companies; explains the procedures for consultation and publication of the document.

Involving Middle Managers in Participation. Sir Alan Dalton in Industrial Participation (UK), No. 566: p 3 (5 pages)
Warns that a Board decision to change the management style of the organisation to one of participation ignores middle management at its peril, and contends that the best way is to ensure that middle managers are the vital links in converting the policy objective into action. Stresses the importance of the continuity and thoroughness of communication at all levels.

Multinational Transfer Pricing. S. S. Cowen and others in Management Accounting (U.S.), Jan. 79: p 17 (5½ pages, chart, table)
Outlines methods — both market-based and cost-based—used by multinationals in setting transfer prices; discusses the influence of the tax authorities—and, in particular, of the U.S. Internal Revenue—on transfer pricing; examines the decision steps needed to arrive at a basis that meets management needs while satisfying the tax department.

Divestment. J. Boddewyn in Management International Review (Fed. Rep. of Germany), No 1/7: p 21 (7 pages)
Compares divestment policies and practices between domestic and international business, and between U.S. and European businesses, relates them to cultural values and environmental pressures, but sees the impact of multinational and current economic conditions as contributing to a more common approach.

Is innovation really 'The Risk Business'?

BY CHRISTOPHER LORENZ

"THE RISK BUSINESS" is a catchy title for a "pop" book which glamorises the daunting world of innovation and design in industry. It is a particularly obvious one for a publication based on a television series of the same name. But it is misleading—a point confirmed by another new book on the same subject, but with the decidedly less sexy title of "Industrial New Product Development: A Manual for the 1980s."

It is obvious that design in industry involves some element of risk; but so does getting to work in the morning, or—more seriously — trying to sell an established product in a new market.

True again, there is an unending list of innovation "disasters": new products or improvements of old ones which either failed to get off the ground at all, or sold well but made no money. The hovercraft and the Austin Mini are two examples of the latter. A further "high risk" category of long and expensive projects which eventually came good, includes Pilkington's famous float glass process.

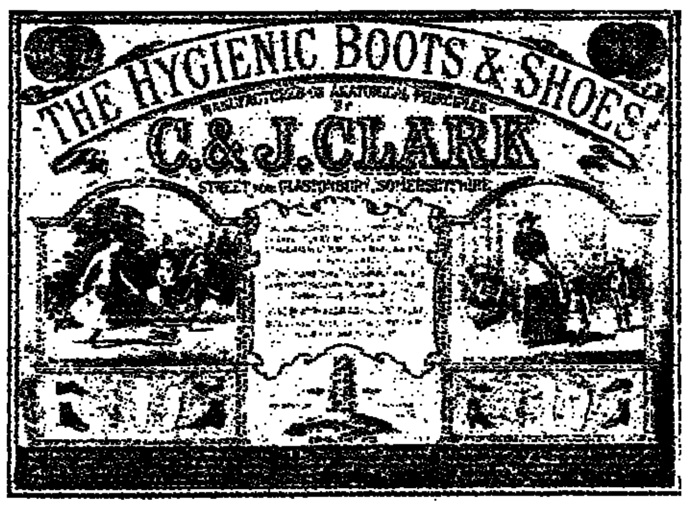
The fact remains that many successful design and innovation projects have been low risk and low cost, a point rammed home by John Carson and Tudor Rickards in their book on Industrial New Product Development, which is about to be published by Gower Press.*

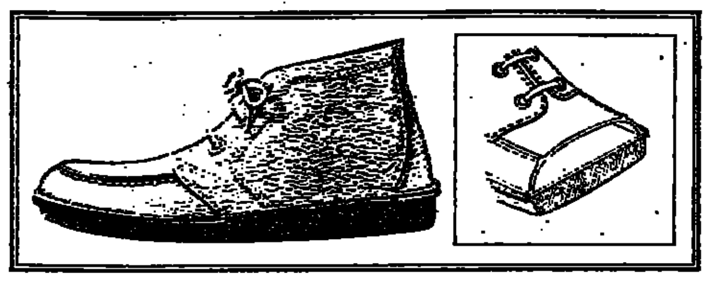
Carson and Rickards cite one large British chemicals group's expenditure of only £200,000 over a four-year period on the development of a set of new products which are now confidently expected to have a highly profitable annual turnover of £5m. Again, they point to a medium-sized company which spent less than £5,000 over a period of months, quickly generating annual sales of £100,000 from one product alone. (All these values are at 1978 prices.)

To a great extent, Carson and Rickards share a common interest with Michael Blakstad, author of "The Risk Business"** which was published yesterday. All three are bent on encouraging more British companies to indulge in the dangerously neglected business of rejuvenating themselves through the design of better products and processes.

Another of Blakstad's aims in writing his book was to glamorise the design profession itself. This is theoretically in complete accordance with the previous objective. But the way he deals with both of them may actually deter stodgy managements from following the bold lead of Clarks Shoes, Pilkington Glass, and the other companies he holds up as examples.

For one thing, his mass media background as the pioneering Editor of BBC-TV's "Tomorrow's World" and "Risk Business" prompted him to select a series of highly dramatic design "cases": Dunlop's controversial Denovo tyre, for example; or Clarks' astonishing recovery against all the odds; Pilkington's breakthrough into glass-reinforced concrete; or the product on which Leyland's truck side is staking its future, the much-delayed T45.





The spirit of the old Clarks exemplified by a Victorian poster, and the basis of the company today—its revolutionary Polyveldt shoe

Added to this is Blakstad's style. His breathless text is peppered with postage-stamp personality portraits, and words like "gamble" and "disaster." The book's cover shows a fruit machine. Is this preoccupation with high drama the way to win conservative managements to the cause?

That said, Blakstad's book is a must for everyone who is even remotely interested in design.

Readers who are less obsessed with technology than the "Tomorrow's World" team will still find plenty to delight and inform them. Delight, in the personality vignettes and the repeated examples of Britain triumphing against adversity.

On the information side, Blakstad touches on many of the general principles involved in the successful management of design and development. They include:

- The way companies can save themselves from disaster by persisting with long-term development projects even when their competitors give up (Clarks' polyurethane sole).
- The difference between "technology-pushed" projects, and those where "market pull" (or "demand") are the prime motivations. Also, the fact that the two are not mutually exclusive, as is sometimes suggested.
- The importance to successful innovation of a few individuals' will to succeed.
- The key role, in many companies, of top management's involvement with innovation and design.
- The problems involved in convincing "customers" to look at one's innovation on its merits. This applies as much to other departments within one's own organisation as to the external marketplace itself.
- The particular problems involved in launching a new product when you have no direct access to the market; both Dunlop's Denovo tyre and ICI's ill-fated plastic packaging suffered from the conservativeness of their customer industries.

The one major drawback of Blakstad's book lies in its rather disjointed link between innovation/design and finance. Over 30 of his 144 pages are specifically devoted to this latter subject, but they are mainly about how and why small companies in the U.S. and UK do (or don't) manage to raise venture capital. Yet only one of the seven companies he describes in detail can really be defined as small.

His description of the other six concentrates very largely on non-financial questions. Yet it is on this very point—the mistaken belief that design and innovation are "too risky" in financial terms—that many large and medium-sized British companies stumble. Not in terms of lack of finance, but in the board's willingness to commit resources to investment projects whose ability to produce a good (or quick) return may not be absolutely certain.

Blakstad's book is to be welcomed as a popular yet substantial approach to a difficult yet crucial subject: the importance of product quality to the nation's future. But the message might have been more digestible for the average businessman if the author had shifted the emphasis slightly away from technical detail, and towards the human, financial and organisational aspects of the subject.

It is on the last two items that Carson and Rickards are particularly strong, though their style, too, has some irritating quirks.

In their case the problem is largely one of management jargon: terms such as "3D Models" and, indeed, the terms they coin for the three key features of their new product management system: "Systematic Creativity and Integrative Modelling of Industrial Technology and Research," they call it, or SCIMITAR for short.

Beneath these labels lies a relatively straightforward and comprehensible approach as the authors recently demonstrated in a paper to a national conference of academics and researchers in the innovation field, organised by the Anglian Regional Management Centre at Danbury, Essex.

Fundamental to the Carson and Rickards system is their belief, based on experience, that the most effective route to new products is internal innovation, rather than the well-trodden and potholed one of mergers and acquisitions. As business school academic and company manager respectively, Rickards and Carson have had extensive industrial experience.

Summarising their approach at the Danbury conference, they cited five general principles, some of which are highly relevant to the shortcomings of "The Risk Business."

1. The search for new products should link existing corporate resources to identified market needs.
2. New product strategy should follow sound principles of cost-accountability and budgetary control from the outset, and should not be seen as a speculative or blue-skies venture.
3. New product growth should be sought in areas perceived as low-risk if corporate support and acceptance are to be gained. These areas are likely to be close to existing corporate know-how, and in related markets.
4. Commitment from the decision-making level of the organisation is necessary. ("The chief executive is the chief innovator.")
5. New-product development following these principles is likely to be socially acceptable, in that growth occurs in areas sufficiently close to the skills of the existing workforce to safeguard the livelihood of those whose jobs are at risk through technological change.

Some of these statements may be challenged by people whose experience is mainly with companies who are used to — and prepared for — greater risks on more adventurous innovation projects; Pilkington is the obvious case. But Carson and Rickards are preaching to the mass of the unconverted, to whom risk is a deterrent rather than an attraction.

* *Industrial New Product Development: A Manual for the 1980s, by J. W. Carson and T. Rickards. Gower Press, Farnborough. £15. To be published November 15.*

** *The Risk Business—industry and the Designers. By Michael Blakstad. Design Council, distributed by Heinemann Educational Books, London. £3.50.*

JONATHAN STEWART may not conform with the design world's traditional definition of a designer, but he is just what British industry needs today: he has an outstanding electronics brain, and is capable of applying his very considerable design skills to the improvement of traditional products.

Jonathan is only 18, but yesterday he was named as one of 10 winners of this year's Schools Design Prize, organised by the Design Council and GEC, the electrical/electronics group.

His achievement is particularly unusual for a schoolboy, in that his design has already been taken up for commercial exploitation by an established industrial combine, Micrometalsmiths of Kirbymoorside, Yorkshire, and its U.S. parent company.

What Jonathan did, at the company's suggestion, was to put "chuff" and other realistic operating sounds into a model railway steam engine by means of a complex piece of electronic circuitry housed in the locomotive itself. The sounds vary automatically according to speed and load.

The competition's judges—myself included—were particularly impressed by the systematic design, assembly and testing of the intricate circuitry. In my case, an extra attraction was the knowledge that Jonathan's design should also satisfy a clearly-defined mass market, an attribute which many award-winning professional British designs have sadly lacked in the past.

Another prize-winner with strong commercial possibilities is a multi-purpose model aeroplane, designed by two 16-year-olds. The hobby theme, an obvious one for schoolchildren to adopt, is continued with an excellent redesign of the traditional bicycle.

Among the other winners are a device to help police dogs scale high fences and walls; an audio-visual "fun toy" to amuse and educate handicapped children.

LOMBARD

The Government as scapegoat

BY ANATOLE KALETSKY

TRADITIONALLY the nicest part of a Minister's job is reassuring the electorate that they have never had it so good and that utopia is only an election away. Today, however, the denizens of Westminster are a much sterner breed. There was no ministerial complacency, for example, over yesterday's money supply figures which showed that, within six months of taking office, the Government is well on its way to imposing the monetary discipline it had promised. In fact Ministers could *proudly claim* that almost all of their main economic policies have now been put into effect:

Warnings

Instead the sullen warnings about approaching doom continue and are likely to become still more doleful over the next few months, as the wage round gets under way. Paradoxically, the gloom will be laid on even more thickly if future figures confirm that monetary growth is *really under control.*

As stockbrokers Phillips and Drew have pointed out in a recent circular, the Government is committed to "keeping interest rates high as long as inflationary pressures in the economy remain strong." But, if the Government maintains high interest rates, even after monetary growth has been well and truly curbed, "this will be an indication that the Government has abandoned the monetarist prescription for economic policy," which has as its objective the rate of monetary growth, and not the level of interest rates. Tightening monetary policy further in response to excessive wage settlements, will do no good and will cause unnecessary economic damage because the lag between a monetary squeeze and its effect on the rate of inflation is certainly longer than a single pay round.

If money supply looked like falling below the target range, the Government could either allow interest rates to fall or expand the public sector borrowing requirement. Indeed, even if monetary growth were merely at the lower end of the target range, it would be tempting to adopt one of these options so as to reduce next year's economic hardship.

But by a curious reversal of the conflict between economics and politics that has dogged British economic management, a cut in interest rates next year could be politically embarrassing. It would be a public confession that economic policy is, for once, right on target, which is a dangerous thing to admit.

For, although politicians in Britain have been preoccupied for 20 years with macro-economic and monetary indicators, many of them realise that the real problems are micro-economic and lie in the real economy. The debate between monetarism and demand management has only marginal relevance to the real obstacles to economic growth in Britain—poor industrial relations, incompetent management, bad engineering design, antiquated machinery and Luddite working practices.

Although the Conservatives have made much of their determination to improve "the supply side of the economy," their "policy" in this sphere is, on close inspection, not very different from their predecessors'—a combination of *laisser-faire* and exhortation.

Excuses

I am not suggesting that Government should actually interfere more in industrial management, but simply that, on the most important areas of economic life, neither party has had anything to offer the electorate for at least 20 years. It has, therefore, been necessary to pretend that macroeconomic management, and fiscal policy, over which there were doctrinal differences, was the key to economic success. As long as governments could continue to claim that their macroeconomic policies had been undermined by events outside their control, they and the electorate, had ample excuse for economic failure.

At elections the two major parties could go on claiming that they had a formula for economic success, if only their policy were given a fair trial. Perhaps the biggest virtue of the present Government's macroeconomic policy is that it is actually likely to be allowed to operate. But for Mrs. Thatcher the prospect of this must be worrying. "We have proved that the British people are failures" is not much of an election slogan.

AROUND BRITAIN

SCARBOROUGH

Fresh sparkle for the Spa

BY CHRISTOPHER PARKES

PEERING THROUGH the sea fog on a recent late-summer visit I was able to ascertain—if not clearly see—that, as the council's officers claim, Scarborough has something for everyone. Down on the beach the dim outlines of children scuttered through the grey swirls. Mums and dads, bundled up against the weather and resembling nothing so much as piles of wet washing, sat watchful in their deckchairs. Higher up, outside the famous Spa complex, a small open-air orchestra vamped valiantly through requests from a *mist-bound* audience of mainly elderly visitors. A lady violinist, comely in a vermilion woolly, struggled against the elements to keep *her instrument* in tune and her bow at the correct tension.

Indoors in the warm, a coffee morning dance, Scarborough's own variation on the *thé dansant*, was in full foxtrot. Outside again, at a respectful distance from the more genteel entertainment, the thumps, whizzes and howls from the electronic merry-making in the amusement arcades echoed dully against the unrelenting wall of grey.

The determination of these hardy visitors serves, if anything, to underline the strengths of Scarborough as a holiday town. The range of entertainments which has been maintained and extended with relatively few signs of the drift into seediness which has overtaken many other British seaside resorts, continues to attract many thousands of tourists each year.

The May to September tourist season brings in about £30m a year, and at peak weekends when all the hotels are full, the town's population doubles to 100,000

But changing times and habits have to be catered for. The traditional fortnight's holiday, for example, has largely been transformed into a stay of 10 days or less. Tourists are less willing than in the past to unpack their bags and stay put in *their* favourite lodgings. More are demanding hotel accommodation in preference to the boarding house.

To keep the customers satisfied and the beds filled the local authorities have in recent years undertaken a major overhaul of the town and its accommodation. One major switch of emphasis has been the extension of the resort's appeal into the surrounding countryside, beyond the centre and promenade area.

Former residents of renown have been *brought into the* limelight, and in the town's publicity material "personalities" ranging from Count Dracula and the Sitwells to *Captain Cook* and *Oliver Cromwell* play their part.

Council, private and Common Market money has been liberally spent on improving hotel accommodation, and a further £3m is in the pipeline for the next major phase of the town's refurbishment.

Extending the appeal of the town and its surroundings is one thing, but Mr. Russell Bradley, the council's chief executive, is intent on extending the season itself. Jobs are the key. Allowing for the 30 per cent of the town's population over retirement age, unemployment at the best of times is around 5 per cent, rising sharply when the summer season is over.

Logically, anything which will keep the visitors coming in the off-season, will help keep people in work.

The greatest asset in the campaign to lengthen the season is the Spa complex, notably its Grand Hall. Occupied for the past 20 summer seasons by the ageless Max Jaffa and his orchestra, the hall has become increasingly used for spring and autumn conferences by trades unions, companies and assorted associations.

While it is still successful in attracting the off-season trade, the Grand Hall clearly lacks the refinement of some of the alternative facilities to be found in places like Harrogate and Blackpool.

Since its doors open directly on to the sea front, the atmosphere in the reception and registration area tends to be somewhat bracing. And makeshift arrangements of trestle tables in the foyer are less than welcoming, while its colour scheme of dull turquoise and grubbier shades of blue mingled with brown stonework is distinctly off-putting. Inside the hall itself, a magnificent elaboration on the basic Victorian design for railway stations—all cast iron pillars, bleak plaster walls and dusty floorboards—there is room but little comfort for up to 2,000 delegates. Apart from the generally tatty appearance of the hall, more serious failings have come to light in recent years. Kitchen, toilet, office and Press facilities, for example, have proved inadequate.

The decision to undertake a major facelift was taken in the early 1970s. Grand plans were drafted only to founder on objections from preservationists who insisted that the hall's listed building *status had to be* properly respected. The early scheme, for example, included the notion that the floor space available could be more or less *doubled* by splitting the hall into two levels. This was scrapped following a public inquiry and instructions from Government inspectors. Extension towards the sea was impossible and expansion landwards difficult and costly because of the building's position against a cliff. As a result the designers had to do their best within the existing framework.

Terry Kirk

Scarborough's Grand Hall—a magnificent but fading elaboration on the basic design for Victorian railway stations—is now undergoing a facelift.

The delays have inevitably put up the cost of the work. Had refurbishment started when the Council planned, in 1976, its ambitious scheme would have cost an estimated £1m to £1.3m. The more modest Grand Hall project starting soon and *running through the whole of* next year would cost more than £2m, Mr. Bradley said. It will be shared between the local authority, the English Tourist Board and the Common Market's Regional Fund.

The council aims to finish the work in one fell swoop, a decision which means that the Grand Hall will not be available for conferences at all next season. However, the councillors have made alternative arrangements, notably with Mr. Robert Luff, a local businessman prominent in the hotel trade, but perhaps best known as London theatre impresario, who has undertaken to accommodate next year's conferences in some of his premises in Scarborough.

Even though the new-look hall may not match the super-modern style of some of the more grandiose developments elsewhere in the country, its backers claim that its facilities and standard of comfort will equal those at other conference centres of a *similar scale.* In two or three years, they calculate, the new centre will be attracting 50,000 extra visitors to the town who can be expected to spend, at current rates, more than £4m a year during their average three- or four-night stay.

The potential is even greater. Given that there is an increasing tendency for delegates to make "conference week" a family outing, the council claims that Scarborough has a special appeal which places it among the most desirable conference towns in Britain. There is, after all, something for everyone at Scarborough.

Stiffest task for Final Straw

RACING

BY DOMINIC WIGAN

FINAL STRAW, who floored pundits with victories in the July Stakes, the Seaton Delavel and Laurent Perrier Champagne Stakes, is my choice for *today's* Dewhurst Stakes.

The good-looking Thatch colt clearly faces his stiffest task to date in this William Hill supported event, with its £25,000 in added prize money. But I feel that his tenacity and exceptional improvement will again give him the day.

Final Straw, whose consistency has not only been a great credit to himself, but also to Michael Stoute, who produced him to finish second behind Runnett in the spring, has most to fear from Romeo Romani and Tyrnavos.

Romeo Romani, a $95,000 yearling by Jacinto, could hardly have done more on his racecourse debut. Slowly away in the Norfolk Stakes, Ryan Price's youngster made up the leeway under an unruffled Brian Taylor. It was well inside the final furlong that he took control. At the line, Romeo Romani had 1½ lengths over Jarat.

Tyrnavos, half-brother to Tromos, last year's winner of this race, is another lightly raced colt. A highly promising third in a £4,800 event won by Thousandfold at Doncaster last month, Tyrnavos made no mistake at Ascot three weeks ago. Always travelling smoothly in another valuable race, the Roberre Trophy Stakes, the Newmarket colt proved a cut above Eyelight and John O'Groats.

Few are likely to support Parched, Petty Purse's half-brother, in the *Melbourn Handicap*, after a bitterly disappointing display at Sandown. The colt could only finish seventh of nine when an odds-on chance.

That form could hardly read worse, but I hope that the inept display was simply brought about through an absence of almost a season. Certainly, Parched looked a useful three-year-old in prospect when making the frame in the Hyperion and Philip Industries Stakes as a juvenile. If back to anywhere near that form, he should have few problems off the *8 st 11 lbs* weight mark.

NEWMARKET
2.00—Assent
2.30—Parched**
3.00—Galatch
3.30—Final Straw***
4.05—Mint
4.35—Danilova

CATTERICK
2.15—Cala Galera
3.45—About Turn*

LINGFIELD
2.30—Prince Northfields
4.30—Bold L'Aiglon

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 Open University (Ultra High Frequency only). 9.03 For Schools, Colleges. 11.25 Vet and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.02 For Schools, Colleges. 3.10 Trol's Dall. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Maxidog (Czech cartoon). 4.25 Jackanory. 4.40 Hong Kong Phooey. 4.55 Crackerjack. 5.35 Noah and Nelly.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide from Belfast.
7.00 Tom and Jerry.
7.05 Are You Being Served?
7.35 Sykes.
8.05 Penmarric.
9.00 News.
9.25 Petrocelli.
10.15 Points of View (London and South East only).
†10.20 Jack Benny Show (London and South East only).
10.45 Regional/National News.
†10.50 The Late Film: "The Asphalt Jungle" starring Sterling Hayden, Louis Calhern and Marilyn Monroe.

All Regions programmes as BBC1 except at the following times:

Scotland—9.25-9.45 and 11.00-11.20 For Schools. 12.40-12.45 pm Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Beechgrove Garden. 10.45-10.50 Regional, National News.

Wales—1.45-2.00 pm Y Cowboi Bach. 2.02-2.22 I Ysgolion. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 10.15 Week In Week Out. 11.05 News for Wales. 11.06 The Rockford Files. 11.56 Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six 10.15 Triptych. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Times Remembered ... Midlands (Birmingham) Sibonga: A Name of Destiny; North (Leeds) Close-up North; North East (Newcastle) Coast to Coast; North West (Manchester) Home Ground; South (Southampton) Bioscope Days; South West (Plymouth) The Snowball Effect; West (Bristol) Public Life.

BBC 2

6.05 Open University.
6.55 Gardeners' World.
7.20 Funny Birds.
7.30 Mid-Evening News.
7.40 Kilvert's Diary.
7.55 Step this Way.
8.20 Fred Emney in The Old Boy Network.
9.00 "Gypsy" starring Rosalind Russel, Natalie Wood and Karl Malden.
11.20 Late News on 2.
11.35 Friday Night ... Saturday Morning: Sir Harold Wilson with guests, including Robin Day.
12.25 am Closedown reading.

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20-1.30 pm Channel Lunchtime News, What's On Where and weather. 5.00 Puffin's Birthday Greetings. 5.05 Little House on the Prairie. 6.00 Report at Six Extra. 7.00 Project UFO. 7.55 Wildlife Cinema. 8.25 Feature Film: "A Circle of Children." 10.05 Channel Late News Headlines and weather. 10.10 Jericho. 11.00 News in French, etc.

Radio Wavelengths

[illegible]

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. [illegible]

RADIO 2

5.00 am News Summary. [illegible]

RADIO 3

[illegible]

RADIO 4

6.00 am News Briefing. [illegible]

BBC Radio London

5.00 am As Radio 2. [illegible]

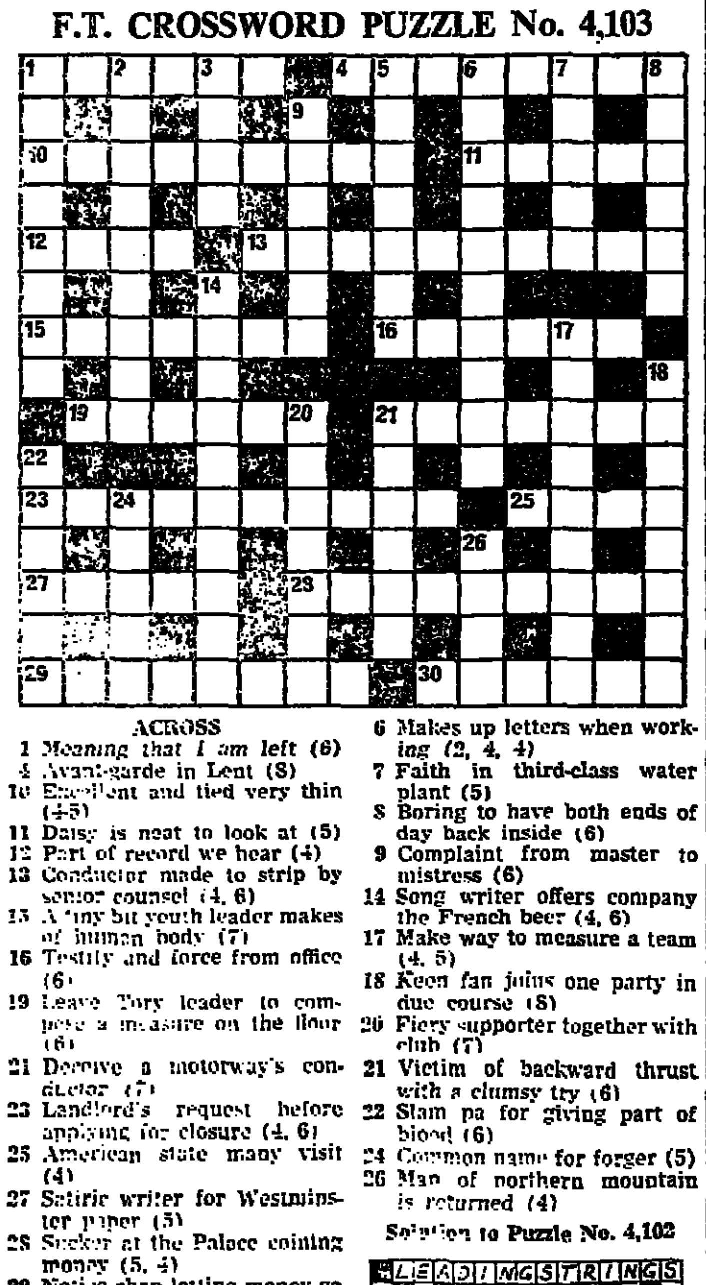
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. [illegible]

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). [illegible]

F.T. CROSSWORD PUZZLE No. 4,103



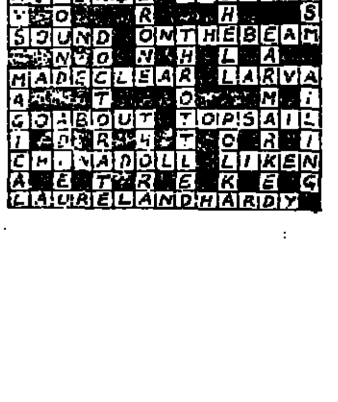
ACROSS

1 Meaning that I am left (6)
4 Avant-garde in Lent (8)
10 Excellent and tied very thin (4-5)
11 Daisy is neat to look at (5)
12 Part of record we hear (4)
13 Conductor made to strip by senior counsel (4, 6)
15 A tiny bit youth leader makes of human body (7)
16 Testily and force from office (6)
19 Leave Tory leader to compose a measure on the floor (6)
21 Deceive a motorway's conductor (7)
23 Landlord's request before applying for closure (4, 6)
25 American state many visit (4)
27 Satiric writer for Westminster paper (5)
28 Sucker at the Palace coining money (5, 4)
29 Notice chap letting money go to disciple (8)
30 Captivate a close listener (6)

DOWN

1 Tell a student to be free and easy (8)
2 List of doctors willing to take part in quiz (5, 4)
3 Went on horse to find the bar key (4)
5 *Debt collector rising in action got stripped* (7)
6 Makes up letters when working (2, 4, 4)
7 Faith in third-class water plant (5)
8 Boring to have both ends of day back inside (6)
9 Complaint from master to mistress (6)
14 Song writer offers company the French beer (4, 6)
17 Make way to measure a team (4, 5)
18 Keen fan joins one party in due course (8)
20 Fiery supporter together with ritual (7)
21 Victim of backward thrust with a clumsy try (6)
22 Slam pa for giving part of blood (6)
24 Common name for forger (5)
26 Man of northern mountain is returned (4)

Solution to Puzzle No. 4,102



CONTINUED ON PAGE 28

THE ARTS

Cinema

Unlikely couples

by NIGEL ANDREWS

A Perfect Couple (AA) Studio Oxford Circus, Odeons Kensington, Westbourne Grove and Swiss Cottage
Bread And Chocolate (AA) Gate 2
Up In Smoke (X) Plaza 2

Los Angeles, city of beauty, laid-backness and Doing One's Own Thing, is the unlikely setting for Robert Altman's *A Perfect Couple*. Unlikely because neither of the film's quaintly-matched lovebirds is beautiful: he is the middle-aged son of a rich Greek patriarch, she is a gawky young vocalist in a successful rock group. Nor are they laid-back. And they have the greatest possible difficulty in doing their own thing. In the City of the Angels they sport fragile wings and harps in need of tuning and they keep managing to get on the wrong side of the Beautiful People.

But this romantic comedy, which flirts with pathos but shows a final and solid preference for optimism, is Altman's best and brightest film since *Nashville*. It has the inspired idea of taking two extremes on the social-cultural scale and showing that they are as one in the way they oppress the non-conformist: and the non-conformist in love above all.

Alex Theodopoulos (Paul Dooley) and Sheila Shea (Marta Heflin) meet after seeing each other's videotaped interviews at the "Great Expectations" dating service. (It actually exists). It is *love at first sight—or almost*—but neither is willing or able initially to unfetter him/herself from his/her oppressive backgrounds. Sheila misses dates because she is ordered to work overtime by the group's dictatorial lead singer (Ted Neeley, who was Christ in *Jesus Christ Superstar*). Alex lives in a vast family mansion which is like a round-the-clock funeral home: wood-panelling, flowers, stained glass and an air of hieratic formality at dinner. His father reacts with frozen wrath to any hint that the family solidarity is being infringed by his son's romances with unknown or ineligible girls.

Driven into trysts and secrecy, the couple can't quite get it together either in her palatial hippy-commune loft—shared with the other, voluble members of the rock group—or in his palatial ancestral home, where guileful relatives stalk the corridors to report any misdemeanour to Father.

A Perfect Couple is about the Herculean labour involved in "being oneself" even in a corner of the world which prides itself on making the process easy. As in *Nashville* Altman has used music—with brilliant ease and wit—as comment and counterpoint. Classical harmonies surge ominously in the background of the Casa Theodopoulos, and rehearsal sessions with Sheila's rock group (it's a real group, called "Keepin' 'Em Off The Streets") punctuate the action with pertinent songs.

Scene from 'Bread and Chocolate'

A Perfect Couple is also about rules and roles. Los Angeles is a city where Performance reigns. People perform in the rehearsal room, they perform on stage (the film's finale is a blockbusting concert at the Hollywood Bowl shared by "Keepin' 'Em Off The Streets" and the L. A. Philharmonic); they perform at the family dinner, they perform at the Dating Service, interview, they perform in courtship. If you don't have an image to present and promote in LA, best hurry up and find one.

There is a magically funny scene in which two rival suitors—Alex and another "Great Expectations" contact—turn up simultaneously in Sheila's loft, each armed with a yellow rose and a greetings speech. Jealousies flare, and the courtship ritual promptly disintegrates into a fist-fight: ended by Sheila with a well-aimed poker-blow to Alex's head. The un-hit rival stares feebly and mutters in shell-shocked irrelevance, "Poker? But you don't even have a fireplace." The punch-drunk non-sequitur floats up, like rising dust, from the collapse of a social "performance."

Paul Dooley recovers from that felling to give a superbly poised and rueful performance as Alex: and Marta Heflin matches him charm for charm as Sheila. The two were promoted to stardom here after catchy cameos in Altman's *A Wedding*. (He played the burly father-of-the-bride, she a willowly bridesmaid.) Following on *Quintet*, Altman's search for the significant in snow-bound Parable-land, *A Perfect Couple* is a return to this director at his very best: a human comedy rich in the comic and even richer in the human.

*

Bread And Chocolate has Italy's light-comedy superstar Nino Manfredi, he of the spaniel eyes and the chestnut-coloured toupée, as an Italian immigrant job-hunting and feeling miserable in Switzerland. The trouble—*one* trouble—with this maundering sentimental comedy is that when it is sentimental it is very very sentimental, and when it is comic it hardly raises a smile.

Signor Manfredi runs the gamut of unhappy employment from waiting-on-table at a pretentious restaurant to playing valet for a rich industrialist to being a chicken slaughterer. In the restaurant scenes the comic timing is so poor it's like watching slapstick jokes in action replay: one half expects a voice-over analysis from Jimmy Hill.

Later, when director and co-writer Franco Brusati turns serious, it's no better. There's an episode in an immigrant working men's hostel where Brusati, running out of his own ideas, has the chutzpah to revamp the scene from Renoir's *La Grande Illusion* in which the men's response to an impromptu drag cabaret turns from ribald high spirits to a sudden, silent wave of loneliness.

The film has swept all before it at the French and American box-offices, so doubtless it strikes a grateful chord in some audiences. But it's hard to know why. The satire on Swiss versus Italian manners has the subtlety of a rubber bludgeon lethargically swung: and the hero's out-of-key mid-film romance with a companionably lonely Greek immigrant (Anna Karina) seems to belong to another movie, and a no better one at that.

*

But brace yourselves, for *Bread And Chocolate* is a masterpiece compared to *Up In Smoke*. There are some films so aggressively tedious that one's arms and legs grow electric wires in an agony to leave the cinema. I braved this one out and here I am, paler and wiser, to bear witness.

Cheech and Chong are two knockabout, dizzy-speeched fellows from across the Atlantic who smoke voluminous quantities of pot, begin every sentence with "Hey, man" and in this film go on rib-tickling jaunts up and down the California coast getting involved with rock bands, police etc.

Grass to fans of Cheech and Chong is what bodily functions are to *Carry On* devotees. It's knee-jerk humour and woe betide you if ten, twenty or even thirty jokes on the subject are enough. In *Up In Smoke* they are given away with Green Stamps. The slapstick routines vary from the appalling to the slightly more appalling, the verbal gags are unspeakable when they are not inaudible, and Stacy Keach, no less, contributes an amateur-night cameo of an officious police officer that he would surely wish to have struck from his actor's records. Go if you must—the film has been a smash-hit in the States—but don't say I didn't give you a voluble warning.

Lyric

Middle Age Spread by MICHAEL COVENEY

Marjie Lawrence, Paul Eddington, Judy Loe and Richard Briers

Despite its rather off-putting title, this new play from Roger Hall suggests that the menopausal West End comedy is at last coming of age. Critics, or at least Bernard Levin, used to despair of ever seeing an intelligent Right-wing play in Shaftesbury Avenue. Judging by First Night response to speeches on the subject of self-improvement and resistance to soft sociological counselling in our schools, the moment for such arbiters of taste may well have arrived.

In short, I suspect that Mr. Hall's extremely adroit examination of middle-aged mores chimes exactly with Thatcherite expectations in the stalls. Richard Briers plays Colin, a clapped-out deputy head whose pursuit of the top job is threatened by an adulterous passion for colleague Judy, played by the attractive Judy Loe. Miss Loe has herself abandoned a safe and boring marriage in favour of a bed-sit where she can read Paul Theroux and listen to classical music in peace. Their hour of *freedom* is curtailed by *a sense* of responsibility to themselves and to others, an instinct lately championed at some indefinite length in Blackpool.

Colin's neighbour, Reg, is an adulterous lecturer at a teachers' training college, driven to disillusion and infidelity by a pinched wife (Sheila Grant) whose energy disappears into a succession of cottage industries. Colin, Reg and Judy—complete with opposite numbers—are gathered at a dinner party which is interrupted by flashbacks to how the pain between all parties came about. There are echoes, both obvious and unconscious of Alan Ayckbourn, but the evening does throw up a reasonably serious discussion of education and morals. Judy's husband (Tom Chadbon) is a young accountant. His stiff-backed utterances qualify him for the title's age bracket years before his time.

All is eventually out in the open thanks to the discovery that Colin's offstage teenage daughter is pregnant by Reg's son. We even get an impassioned mini-debate on the pros and cons of abortion. At this point it is necessary to emphasise that the play is about men rather than women. The characters who feel and suffer most are Reg and Colin and, as the latter, Mr. Briers supplies his familiar, accomplished performance of hang-dog ingenuity.

But, for my money, the star of the evening is Mr. Eddington. For years, Paul Eddington has been the unsung reliable second-string on the West End stage. His work is always impeccably truthful and skilfully rounded. As Reg, he is simply unbeatable. Judy moans to Colin that the world is full of married men who happen to drop by with a bottle of gin in search of a quick burst of lust. When Reg does exactly that, he discovers Colin in jogging gear (as opposed to the time-honoured cupboard) and translates his initial shock into a fulsome back-slap of congratulation. It is a priceless moment.

Robert Kidd's direction is accurate and even deadly, transforming those hideous First Night guffaws into attentive silence and rich laughter. Alan Tagg's design is perfect and accommodating, especially good at describing the bleak suburban uniformity of the modern lounge interior. It is gratifying to find a comedy that is not exclusively aimed at the kind of audience it flatters.

Coliseum

The Marriage of Figaro by RONALD CRICHTON

Jonathan Miller's production of *Figaro* returns to the English National Opera almost a year after the premiere, with a new conductor, Lionel Friend, and a partly new cast. I did not see it then, but noticed that it produced an uncommonly interesting crop of reviews. After Wednesday's performance ("revived" by Roger Frith), I can strongly recommend a visit to a staging which quietly knocks on the head at least one received notion about Mozart's masterpiece—that the physical movement on the stage must make some attempt to parallel the vitality of the music.

Sometimes the lack of reflected animation goes too far: Susanna brooding in the armchair while putting finishing touches to her bridal veil during the opening duet looks odd until one remembers that Mozart describes thought as well as movement. Some endings of acts, especially the first (after "Non più andrai"), don't work up enough physical tension for the music's gathering towards a strong cadence.

Once or twice, in the discovery of Cherubino in the chair and in the Countess's swoon in Act 2, for example, physical action is clumsily devised and carried out. There are moments when one seems to detect traces of Dr. Miller's own amiable slouch. But even when the amount of sitting and the lack of pseudo balletic underlining seem more suited to Ivy Compton-Burnett than to Beaumarchais—let alone Mozart and da Ponte—the absence of fuss and prinking is a great relief.

The cast, depleted through the absence through indisposition of John Gibbs, who should have sung Figaro, was less new than it should have been, though I was glad to see the rightly admired performance of John Tomlinson. Marilyn Hill Smith's first Susanna is already accomplished and promises to be more so—quick-thinking, quick-tempered but kind-hearted, with bright, observant eyes, and a silver line for "Deh vieni." The *Barbarina of Dinah Harris*, also new, is a demon schoolgirl disquietingly at ease in adult society.

The poised, cool but not unfeeling Countess of Eiddwen Harrhy did some lovely things in the later acts, but the role does not yet sit quite comfortably on her voice. The shell of aloofness so successful in other roles taken by this gifted singer is too consistently maintained. Christian du Plessis on the other hand gives an interesting study of the Count, drawn in English terms as an epicene young lordling emotionally not much more mature than Cherubino. Of the rest one can only mention the admirably uncaricatured Marcellina of Angela Bostock and, with less approval, the cleverly executed but wildly overplayed drunken Antonio of Eric Schilling.

The overture was jumbly, but Mr Friend soon settled down to a reading of the score remarkable for a high degree of gentle transparency in a theatre where that quality is not easily achieved. I liked the soberly elegant sets of Patrick Robertson and Rosemary Vercoe, particularly the way the garden scene is unobtrusively related to the interiors (at this point almost all *Figaro* designers come a cropper). But are the parterre borders in the garden supposed to be boxhedges and if they are, how can the characters sit on them? Some of the materials for costumes and drapes are a bit too dim: such a degree of washed-out Protestant sobriety isn't the sole alternative to frisky, kitschy hotel-rococo.

Covent Garden

The Sleeping Beauty

by CLEMENT CRISP

Last week's concert performance of *The Sleeping Beauty* by the BBC Symphony Orchestra under Rozhdestvensky was a declaration, long overdue in ballet circles, about the grandeur and dramatic richness of this greatest of dance scores. Divorced from its theatre setting, the theatre was, nevertheless, always present in vivid orchestral colour, in the shape and emotional potency of melody. The development of the action, and the brave span of Chaikovsky's imagination, spoke clearly to the listener——more clearly, indeed, than in many opera house presentations—of the seriousness and nobility that are *Beauty's* essential qualities.

On Wednesday night *Beauty returned to the Covent* Garden repertory. This Royal Ballet version is, according to its lights, honest, respectful of its original. But it is light in tone, proposing no great conflicts of good and evil, offering no tremendous statements about the academic dance, other than those of a decorous classic style.

Everything is neat, easy, polished. The dancers look agreeable, the dances somewhat short-breathed; scale is everywhere modest; nowhere need we suspect the reverberations of a stronger, more aristocratic manner. Its periods are those of English lyric poetry rather than of Racinian alexandrines.

Under Barry Wordsworth the score benefited from a carefully balanced reading which showed a sensitive progress from the lightness of the Prologue to a richer texture for the Wedding celebrations, which is as it should be. It was an account entirely in accord with the production, and with Jennifer Penney's light-weight, charming portrayal of Aurora. Derek Deane was her Prince, dancing with smooth assurance; other roles were taken with politeness and good manners.

It was, as we expect, very suitable, decently nice. And it was as different as could be imagined from the Rozhdestvensky view, which is the Russian view. This offers perspectives of grace and dramatic resonance, aspirations toward a richer interpretation, which tell us that *Beauty* is both a symbol *of monarchic* ideals and the embodiment of classic dignity. Not to reveal these, is not to do full justice to *The Sleeping Beauty*.

LSO to perform in Russia

The London Symphony Orchestra with Colin Davis, its principal guest conductor, is to give three concerts in Leningrad and three in Moscow next month.

It will be the first visit by the LSO to Russia for eight years. When the orchestra was last there in April 1971 the late Benjamin Britten was co-conductor with André Previn.

The trip is sponsored by Rank Xerox, which has donated £80,000. The company will continue to suport the orchestra also with an annual deed of covenant.

St. John's, Smith Square

Electric Phoenix by ANDREW CLEMENTS

When Electric Phoenix gave its first concert some 18 months ago, the immediate impression *was of a* versatile, highly professional group that had fully mastered the techniques of vocal electronics but now badly needed worthwhile works on which to lavish them. No time has been lost in encouraging composers to write for the group, and so far at least one lasting piece has been forthcoming, Henri Pousseur's *Tales and Songs from the Bible of Hell*, premiered at the Round House last May. This year's summer school organised by the Society for the Promotion of New Music also encouraged young composers to submit scores for Electric Phoenix, and on Wednesday at Smith Square we heard some of the results.

The resources offered represent a very seductive medium for a young composer to exploit. As I observed when reviewing Singcircle's Smith Square concert last week, competent singers with discreet amplification can easily be coaxed into the most beautiful, evocative sound complexes; the problem for the composer is then to avoid self-indulgence. All three of Wednesday's composers showed much skill and appreciation of Electric Phoenix's potential. Only one of the pieces, John Stuart Howard's *Dream Seven*, seemed content to set up the sound world and merely sustain it with the aid of an allusive text on dreams and number symbolism, and some rather pointless spatial distribution of the singers.

Alan Belk's *At this point in contact* was a shapely, economical essay in verbal collage, with its roots in the works Berio wrote for the original Swingle Singers. In the composer's words it is "an exploration . . . of an imaginary 'imprisoned' mind," turning over its neuroses in muttered and shouted inarticulate fragments against a burbling tape backcloth; the effect was a good deal more direct and less pretentious than a mere description might suggest. Paul Johnson's *It doesn't stay hot long* also had its moments of wit and imagination though I fear that composers are always going to regard Electric Phoenix as a wonderful opportunity for eking out the minimum of musical and verbal invention over cabaret-act timespan. The group is now so slick and theatrically effective that it is even more important that it chooses its repertory with care.

Between the three new works the programme interpolated two of Berio's *Sequenzas*, those for trombone and violin. Roger Williams brought the trombone work to life with such humour that memories of Vinko Globokar's definitive performance were momentarily effaced. Irvine Arditti gave a firm, technically impeccable account of the eighth Sequenza—the newest to be performed, though a ninth for percussion, has been completed. The violin piece now seems the most austere and intricate of the series to date, a bravura work of rather 19th century cast, only occasionally showing the mark of the cosy, cosmetic composer Berio has suggested in his other recent music.

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The delusion of choice

"INFLATION represents a very great source of insecurity, uncertainty and inefficiency. Nothing works as it should; conflicts are intensified; what should be rational is made random; and planning for the future is frustrated. This we all know."

In these three pithy sentences the Governor of the Bank of England, Mr. Gordon Richardson, restated the central reason why successive British governments of differing political beliefs, and governments all over the developed world, have now been forced to put the control of inflation as their overriding aim in economic policy. It is the core problem.

Symptoms

The reminder was needed because of a growing chorus of complaint from economists, politicians, and indeed some businessmen and bankers that the unyielding monetary stance now being attempted in the most *inflation-minded* English-speaking economies as well as in the generally stabler economies of Continental Europe will do unnecessary damage. Nobody, least of all the Governor, would deny that ending a diet of excessive credit involves unpleasant withdrawal symptoms; but it is symptoms rather than causes which seem to concern the critics of monetarist "religion."

It is worth examining the Governor's thesis a little more deeply. Those who argue for stimulus complain of the threatened damage to investment, or to valued public services. However, these are the result of inflation rather than the attempt to cure it.

Inflation, and uncertainty about the future rate of inflation, renders much economic information nearly meaningless. Is a price high or low? Will forecast future costs erode competitiveness, or are competitors suffering still greater pressures? Are currency values in the forward market dear or cheap? Are market interest rates positive or negative in real terms? All these questions are vital to rational decision-making; but the perspective from which they could be judged is hidden in the fog of uncertainty. Investment decisions are supported only by hunch, or the desire to hold real assets rather than money. Productive spending is diverted into speculative commodity hoarding which threatens to increase inflation and uncertainty still further.

If inflation could be stabilised, these uncertainties would be removed; but other distortions would remain. High money interest rates would still put a cash flow constraint both on productive investment and worthwhile public spending. The system would thus be working to satisfy the greed of the moment at the expense of the future and of public squalor. This is only of theoretical interest, however, because as the Governor pointed out, the attainment of a stable rate of inflation is not possible by any known means.

The objective, then, must surely be a common one, as was accepted by Mr. Callaghan, by Mr. Wilson (as he then was), by Mr. Heath and by other Prime Ministers back to Mr. Attlee. A Governor who sees governments come and go, is best placed to give such a reminder.

The means are naturally more debateable. The need for monetary control is now common ground; but while it is a necessary policy, not everyone will share the view of the present Government that it is a self-sufficient one. So far as it operates through the exchange rate, it imposes a selective squeeze on manufacturing industry, as the Governor pointed out. This is especially true when fiscal policy is out of tune with monetary policy, as was unfortunately the case in Mr. Healey's last and Sir Geoffrey Howe's first Budgets.

Forecasts

Two further glosses on Mr. Richardson's text may be helpful. He spoke of the pains of a high exchange rate, and warned that interest rates could not fall enduringly until inflation was reduced. These are slightly ambiguous statements as they stand. They were intended, it can be hoped with *some confidence, as* forecasts rather than as statements of separate objectives for interest rates and exchange rates. Monetarism should mean controlling the creation of money, and letting it find its own price.

Finally, the Governor's speech should not be read as alarmist. A permitted rate of monetary growth of ten per cent is, as he pointed out, only as restrictive as we choose to make it, through excessive claims or lurches in other policies. From any long perspective, it is much too high. At the moment it ensures that lower inflationary pressures could create room for real growth. There is no other way to get it.

Peace in our factories

"BALANCE OF power" is an emotive and unhelpful concept *on which to base an industrial* relations policy. It was therefore right that the committee chaired by Sir Alex Jarratt, which was set up by the Confederation of British Industry to study the balance of power between unions and employers after last winter's industrial disruption, decided to extend its brief and to produce, instead, "a plan for reducing industrial conflict in Britain." The distinction has more than just semantic significance. As the background paper on industrial relations prepared for the CBI conference next month shows, employers are now more determined than ever to do something about Britain's chronically bad industrial relations. The question is whether their determination can be channelled into action that will not merely cause further disruption.

Unrealistic

The difference in approach between the Jarratt Committee and the Government, on the one hand, and certain more militant industrialists and Conservative politicians, on the other, is crystalised in two of the four resolutions on industrial relations that are to be debated at the CBI's annual conference next month. While Taylor Woodrow has called for a law to ensure "that everyone has the right at all times not to join a trade union or to join a trade union of their choice," the Jarratt Committee, using the reduction in industrial conflict as its guiding principle, suggests that "the creation of an unqualified right not to belong to a trade union would be unrealistic—at least at this stage."

On legal immunities, too, the committee has gone no further than the Government. It backs, for the time being, only a limited reform in the law of picketing, rather than a law "to redress the present imbalance of power by making all collective agreements legally enforceable," which the CBI West Midlands Regional Council is proposing.

But the principle of reducing conflict leads the committee into more controversial ground on the question of strikers' social security benefits. It suggests that there should be a presumption that strike pay is being received, whether this is *actually the case or not. There* can be little doubt that a reduction in social security benefits would reduce the incentive to strike and would in this sense be welcome. But whether a system that does not impose undue hardship on strikers' families and lead to greater resentment between the two sides of industry can be devised remains to be seen.

The calculation that carries most weight in the mind of a trade unionist going out on strike is not whether he will suffer hardship while he is out—there can be little doubt that in the majority of cases workers prefer to work rather than to strike. The main question is whether his union is likely to "win" the strike and extract significant concessions from the employer. While legal reforms may contribute something to industrial peace, it is the balance of probabilities in their workers' minds, rather than the legal balance of power, that employers should be trying hardest to alter. Winning strikes is the best way for employers to prevent their recurrence. This is why the idea of reducing industrial conflict is not merely a call for appeasement.

Unnecessary

But firmness once a strike has begun can only be maintained if every avenue has been explored as fully as possible before the breakdown of negotiations. *Too often reasonable* compromises are reached only when both sides are forced by strikes to declare the true positions they have been reserving. In the past few months there has been a depressing chronicle of wasteful and unnecessary disputes in which employers have yielded supposedly inviolable principles and in which new areas of negotiation have been "discovered" only after prolonged disruption. Employer solidarity can only work if all concerned have faith in the principles on which they decide to resist. *Perhaps if the strike* insurance scheme proposed by the Jarratt Committee gets off the ground, it will help employers define more clearly when it is right and when it is wrong to take a stand.

Realpolitik and the Indo-China agony

By DAVID HOUSEGO, Asia Correspondent, recently in Washington

THERE CAN be few wars that have been predicted with such assurance as the coming conflict in Indochina.

Officials in Washington share the widespread view in South East Asia that the Vietnamese are now waiting for the ground to dry out sufficiently in Kampuchea to allow their armoured divisions freedom of manoeuvre before launching a major attack against the now scattered guerrilla forces of the deposed Khmer Rouge leader Pol Pot. The Vietnamese, who installed the present Heng Samrin regime in power, have until the rains return next May or June to secure the total military hold over Kampuchea that eluded them in their earlier offensive this year.

The doubts in Washington are not about whether there will be a conflict, or about how successful the Vietnamese will be: but about what can be done to help Kampuchea's starving and shrinking population—already reduced by nearly a half in a few years to 4m—to survive another brutal war. There are also doubts about the future political shape of Indochina and the repercussions of the conflict on the rest of South East Asia, and how far the Russians and Chinese will be drawn into a conflict that touches the U.S. both for geopolitical reasons and because of the issues of aid and refugees.

Fatalism about the inevitability of the war stems largely from the failure of so many *attempts to secure a negotiated* settlement in Indochina after China broadened the conflict by its attack on Vietnam last February. The U.S., the Yugoslavs, the Japanese and the French have each had a try at getting agreement over setting up a more representative government in Phnom Penh—involving Prince Sihanouk or perhaps some less controversial Kampuchean politician—that would establish Kampuchea as a neutral state and one acceptable to the Chinese and Vietnamese.

Some of these efforts may have been half-hearted born of *despair at attempting over so* many years to create blueprints for Indochina or to reconcile the ethnic and historic rivalries between Khmers, Vietnamese and Chinese. But they have all run foul of the evident determination of both Vietnamese and Chinese to have another *trial of strength on the ground* to test which of them will be the dominant voice in Indochina and South East Asia. The fact that another war will further drain the Vietnamese and be a costly burden to the Soviet Union has undoubtedly also diminished the West's enthusiasm for peacemaking.

In anticipation of the massive heave now needed to achieve Ho Chi Minh's dream of a consolidated Indochina under Vietnamese control, the Vietnamese have increased their army during the past 18 months from about 600,000 to 750,000. Their elderly generation of leaders—reminiscent in so many ways of the warriors who ran the Kremlin—show no sign of flagging at what must be about their 20th dry season campaign.

The Vietnamese in administering Kampuchea have not displayed *the barbarism of Pol* Pot's regime. But there is a good deal of evidence of the brutal determination with which they are pursuing their goals. People have been shifted off farmlands and prevented growing food where there is any danger of this falling into the hands of Pol Pot's forces: the population is confined to areas where they can be most closely supervised. The Vietnamese as much as the Khmer Rouge destroy supplies to deny them to the other side.

Such tactics, and the testimony of some voluntary agencies that the Vietnamese are prepared to use *starvation as a* weapon, have led U.S. officials to insist that the International Red Cross and UNICEF monitor the distribution of aid to prevent it ending up in the hands of the Vietnamese army.

Militarily the Vietnamese have a formidable task. They remain *an army of occupation* which can only afford to entrust Khmers with authority at village level. At district level, posts are held by Vietnamese or trusted Kampucheans brought from Vietnam—a command structure that reflects the historic bitterness between Vietnamese and Khmers.

Pol Pot's forces have developed a strategy of rapid dispersal. They can fall back across the Thai border leaving the Vietnamese with the agonising decision of how far to pursue them and whether to risk a direct attack on Thailand.

Thailand has the yet untested benefit to its defence of a bilateral pact with the Americans, who to demonstrate their support, have provided the Thais with an additional $40m of military aid this year. But unless the Vietnamese can seal off Thailand, the Khmer Rouge will have a continuing source of supplies. Both across the border and by sea the Khmers are being re-equipped by the Chinese.

The present Chinese leadership has the historic arrogance of the Middle Kingdom for what it regards as a *client state.* It is determined to assert Chinese influence in South East Asia and is confident that Vietnam's power in Indochina can be eroded. If the Vietnamese see this military campaigning season as critical to their success—and the pace at which the Russians are pouring in equipment would suggest they share this view—the Chinese are looking towards victory over eight-ten years. They believe enough Khmers will survive the coming offensive to prolong resistance to Vietnam *and hence to continue to bleed* Vietnam's resources.

The Chinese have a lot going for them. By keeping alive the uncertainty of whether or not they will invade again, they are involving Vietnam in an immensely costly defence of its northern frontier. They can cause the Vietnamese further difficulties by encouraging tribal insurgencies in Laos. Indirectly they benefit from the commitment of the U.S. and the Association of South East Asian Nations (ASEAN) to Thailand.

The purpose of this *organisation is to provide a* forum for joint consultation on economic and political matters. Its members are Thailand, Malaysia, Indonesia, Singapore and the Philippines. The U.S. Seventh Fleet has been expanded in size and military capability in the South China Sea. Vietnam's eviction of its ethnic Chinese community has left it almost *economically* isolated in the West.

The Chinese are therefore counting on the slow erosion of Vietnam's strength to the point where the Vietnamese will accept both a neutral Kampuchea (preferably under Chinese influence) and a Vietnam more responsive to China than to the Soviet Union. It is a calculation that ignores the precedent of the Russians' failure through similar tactics of pressure to bring the Chinese to heel since the late 1950s.

In terms of crude political advantage, the Chinese goals of weakening Vietnam and achieving a more even balance of power in Indochina coincide with those of the West. In this sense the Vietnamese have a case in alleging collusion against them by China and the U.S.

But calculations of *realpolitik* are almost certain to be overtaken by the enormity of the human suffering in Indochina in the coming months and the pressure of public opinion on western governments to respond to it. Aid channelled through the careful monitoring of the Red Cross and UNICEF is likely to fall well short of what is required to prevent an incalculable death toll through starvation and disease. Assistance from agencies like Oxfam risks ending up in the hands of the Vietnamese.

Nor is there much sign that western governments have calculated how to deal with a renewed exodus of ethnic Chinese from Vietnam which they expect to occur. The numbers of refugees are for the moment well down from the 60,000 leaving *monthly in the spring—a drop* due to the pressure brought on Vietnam at the Geneva conference on refugees in July. But there is little doubt that the Vietnamese are determined to expel the remaining 1m ethnic Chinese.

A return to the pace of departures of the spring would swamp the transit facilities now *being established in Indonesia* and the Philippines. It would have explosive effects on the delicate ethnic balance of countries like Malaysia. There are signs in the U.S. of a backlash against Indochinese refugees which would make it difficult for the Americans to absorb more than the 14,000 a month they are currently taking. Other western host countries are similarly placed. Thus control over the flow of refugees is a strong card in the hands of the Vietnamese and one they are all too ready to play.

Pressure on the West

It is the sheer toll of suffering and the mounting problems of aid and refugees that will put most pressure on Western Governments to try again, once the dry season offensive is over, to seek a political settlement. In some ways this would be easier to achieve in the unlikely event that the Vietnamese did obtain a clear-cut victory, enabling them to make the gesture of troop withdrawals from Kampuchea that all parties have demanded and then to negotiate about a more broadly based regime.

But should the fighting—as seems most likely—be inconclusive, the prospects for a settlement look dimmer. A weakened Vietnam might see that a political approach was the only alternative open to them. This is what the ASEAN Governments hope. But Vietnam might still be unready to make the sacrifices in prestige demanded by Peking. Chinese policy is based on a slow attrition of Vietnam. Indeed the most likely circumstances in which the Chinese would risk another open invasion of Vietnam would be to salvage Khmer Rouge forces facing defeat in an attempt to prolong their resistance.

How willing the Vietnamese would be to make concessions would depend on how much support they could expect from the Russians. Neither the U.S. nor the Chinese expect the Russians to risk escalating the conflict by an attack across China's border, thus putting in jeopardy both *détente* and their larger strategic interests.

But it would be out of *character for the Russians to turn tail* on their Vietnamese ally, or lightly to give up the presence they have now established in Vietnam on China's southern border. Costly as the venture might be, they seem likely to go on pouring in arms and equipment into Vietnam seeking in return their pound of *flesh,* for example, by getting the Vietnamese to concede them naval base facilities at Cam Ranh Bay.

The prevailing U.S. view is that the continuing Indochina conflict and the potentially growing Sino-Soviet rivalry in the region is at least having the beneficial effect of drawing the ASEAN states closer together.

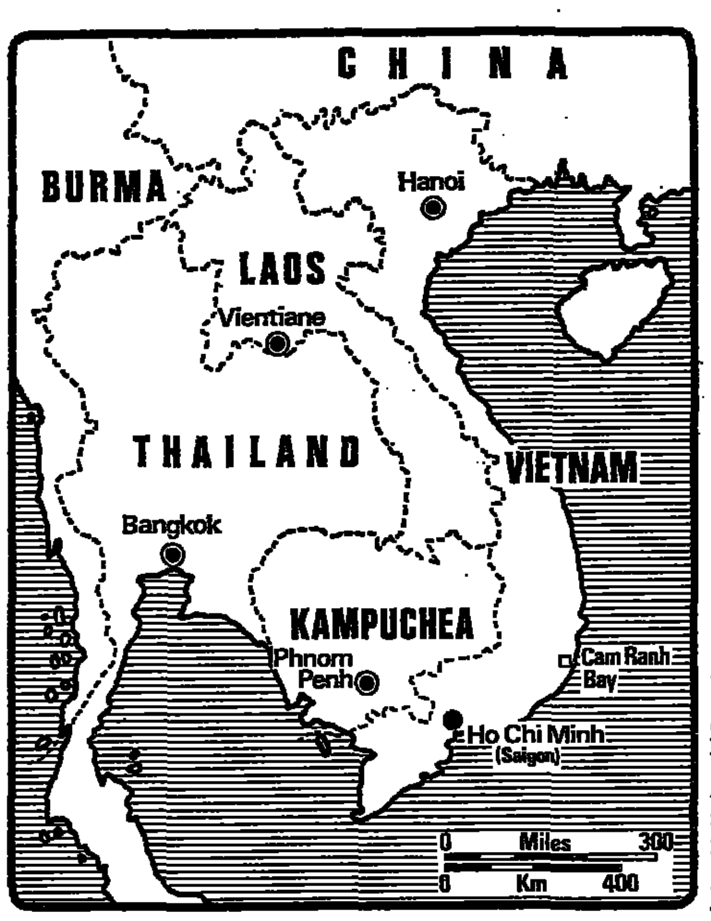
A priority in U.S. policy now is to support them further economically and to encourage them to look towards still closer political links.

But it is almost certainly wishful thinking to believe that the ASEAN states will continue to gain from renewed tensions in South East Asia. The overspill from the fighting in Kampuchea into Thailand, the exodus of more ethnic Chinese from Vietnam, the growth of Sino-Soviet rivalry in the region are all factors of instability that worry the leaders of the region. They are anxious for a political settlement and believe this can only be achieved once the present round of fighting is over and through complex diplomatic footwork involving themselves, the Vietnamese, the Russians, the Chinese and the U.S. The Khmers seem to come last in the list of those who shape the political future of their country.

POL POT was head of government in Kampuchea from April 1975-January 1979 during which time a million or more people died through disease, starvation or brutality. Born in 1928, he did his higher education in France where he formulated his revolutionary theories for transforming Kampuchean society. He went underground as a communist in 1963 and was one of the Khmer Rouge guerrilla leaders who finally drove the U.S. supported Lon Nol regime from power in 1975. Pol Pot is a pseudonym and his real name is Saloth Sar. He is believed to be still in hiding in Kampuchea.

HENG SAMRIN is the Kampuchean head of government installed in power by Vietnam in January this year after the invasion of the country by Vietnamese-led troops. Born in 1934, he was political commissar and commander of the 4th division under Pol Pot from 1976 to 1978. According to his official biography he led a rebellion against Pol Pot in May 1978 and then fled to Vietnam. He was made President of the Vietnamese-supported National Front for the Salvation of Kampuchea in December last year. The Front took power after Pol Pot was overthrown but his government has failed to gain much international recognition.

PHAM VAN DONG, Prime Minister of Vietnam, has led the so far unsuccessful Vietnamese attempt to gain international diplomatic recognition for the new Kampuchean regime of Heng Samrin. The regime is heavily under the thumb of the Vietnamese. Dong has been Premier since 1955. He is a veteran of the Vietnamese Communist movement, 73-years-old and one of the initial organisers of the party in 1926. He spent four years in China during the Second World War and has been vice-chairman of the National Defence Council since 1960. He is associated with Vietnam's attempts to normalise relations with the U.S.



MEN AND MATTERS

Tackling the outside rights

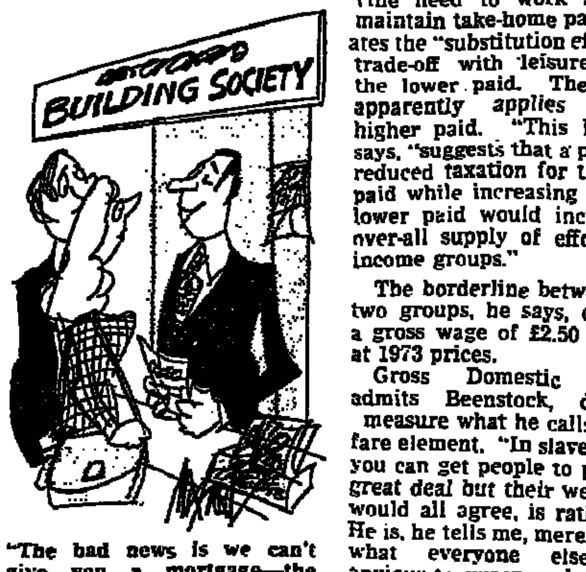
Another row about extremist *infiltration—but this time, from* the right—is blowing up in the Labour Party. The national executive committee may soon be hearing, from the two men behind the Social Democratic Alliance, an appeal against their expulsion from membership.

I understand that the local *executive of the Kensington* Labour Party has drawn up a list of criticisms of the two, Roger Fox and Peter Haseler. Next week the general management committee of the Kensington *organisation* will be asked to support a proposal for their expulsion.

Fox and Haseler set up the Alliance to combat what they saw as the growing influence of the far left. But their methods have managed to antagonise some Parliamentary "moderates" who could have offered support. It was an embarrassment, for example, when the Alliance accused Michael Foot of being an "extremist."

In the middle of the last election, Fox and Haseler produced a detailed list of sitting Labour MPs who it claimed were extreme leftwingers not worthy of support at the ballot-box. It was this piece of advice to Labour voters which has provoked the executive of the two men's local party into action.

If the expulsion goes through next Wednesday, all the signs are that Fox and Haseler will appeal to the NEC. Some of the moderates on the committee *may well be unhappy with the* way the Alliance has attracted attention, and feel equally uncomfortable about the manner in which the two are being drummed out of the party.



"The bad news is we can't give you a mortgage—the good news is we are protecting you from having to pay 16½%"

Soaking the poor

The Lloyds Bank Review, due out today, is noted for its penchant for controversy. I was therefore not surprised to see the Machiavellian assertions of its main contributor this quarter, Michael Beenstock of London Business School, on taxation and productivity.

According to Beenstock, what evidence there is strongly suggests that "the income effect" (the need to work harder to maintain take-home pay) dominates the "substitution effect" (the trade-off with leisure) among the lower paid. The opposite apparently *applies* for the higher paid. "This logic," he says, "suggests that a policy that reduced taxation for the higher paid while increasing it for the lower paid would increase the over-all supply of effort by all income groups."

The borderline between these two groups, he says, occurs on a gross wage of £2.50 per hour at 1973 prices.

Gross Domestic Product, admits Beenstock, does not measure what he calls the welfare element. "In slave societies you can get people to produce a great deal but their welfare, we would all agree, is rather low." He is, he tells me, merely stating what everyone else seems anxious to sweep under the carpet. "On the narrow economic view which Mrs. Thatcher seems to be concerned with, the best thing is to make the tax rates less progressive, which is what she has done."

Lord of the rigs

The man who will be temporary chairman at BNOC until next summer is markedly unlike his rumbustious predecessor (and mentor) Lord Kearton. But the reserved Ronald Utiger is likely to leave his administrative stamp on the £2bn corporation: he will have to advise the Government on whether there should be a structural division. His high reputation in the City will also be vital in maintaining confidence among the merchant banks.

This is the second time that the 53-year-old Utiger has, as it were, come from under Kearton's wing. They were together at Courtaulds, where Utiger was an economist. Then Utiger moved to British Aluminium; he became managing director in 1968 and acquired a reputation for being "a most private man in a most private industry." After Reynolds Metals pulled out of BA, and Tube Investments moved in, he showed much adroitness in expanding operations at high speed.

Utiger lives quietly in Twickenham and is devoted to gardening. It is not the image which oilmen expect of their supremos. But one of his colleagues says of him: "He has an ability to make people do what he wants without being aggressive."

Branching out

The havoc wrought on Britain's 23m elm trees — now depleted to 16m, more than two-thirds of them dead or dying — has had a number of effects on the landscape and more curiously on fashion. Scandinavian woodstoves are now thoroughly *à la mode*, for instance, and being manufactured in Britain as well.

A West Country firm has profited from elm disease in a more unusual way. As one timber merchant put it to me: "Elm will never deteriorate if it is kept completely dry or sopping wet," hence its traditional use in furniture, pit props, docks, and coffins. Rodney Whatton, managing director of Dormit Timber Industry, based near Cirencester, tells me that at the height of the elm glut three years ago he was selling a Newbury trainer some wood-fibre horse-bedding when he suddenly realised other uses for it.

His company, set up only five years ago, is now poised to lay down its first all-weather elm race-track; ironically, this will be in Holland. The deal is worth £300,000 and should help push Dormit's turnover this year over the £1m mark. "So far we've laid 100 miles of all-weather elm gallops," he says. "Up to now they've been made of sawdust or shavings, which break down too quickly and go hard or very spongey. Once wet, elm lasts indefinitely."

He is setting up subsidiary companies in Australia and the U.S., and has quoted prices for half a dozen more racecourses around Europe. However, elm is fast running out. The Elm Marketing Group — a semi-quango — is, I gather, being wound up after doing what is generally thought to have been an excessively good job in encouraging the widest possible use of elm wood: good quality elm is now at a premium.

Thank-you, Howe

According to Stock Exchange chairman Nicholas Goodison, we can all have the greatest confidence in the Tory Chancellor, Sir Geoffrey Howe. His christian name, Goodison told the Lord Mayor's dinner last night, is derived from the same root as "Jeeves." *The previous lack of* competent butling had never struck me as the source of the national malaise, but no doubt he is right.

Observer

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POLITICS TODAY

Getting the State out of cold storage

THE GOVERNMENT announced this week plans to sell 5 per cent of the shares in British Petroleum to the private sector —less than had previously been supposed. At the same time, plans to sell off parts of the British National Oil Corporation have been abandoned and even the sale of some of the assets of the National Enterprise Board has been postponed, pending legislation.

All of that looks like a pretty substantial retreat from the Conservative Party's earlier ideas. It would be unwise to assume, however, that the intention of reducing State participation in industry has been entirely given up. There is one area in particular where plans are going ahead rather more smoothly than had been generally expected. It concerns the National Freight Corporation.

This is the story of the genesis of a political idea by a party in opposition, its reduction to a specific promise as the election approached, and its further development in government. It suggests, at least so far, that a major change in industrial policy can be successfully achieved, provided that it is carefully prepared.

But first a word about the NFC. Probably few people know much about it, though it is more controversial than it sounds. The National Freight Corporation is the left-overs of the old attempt to nationalise the road haulage industry, a campaign which bedevilled British politics in the 1950s and 1960s. It was established by the Transport Act of 1968 as a statutory corporation without equity capital. Its assets include Pickfords, the removals and heavy haulage concern, but also National Carriers, the old loss-making Sundries Division of British Railways.

Unlike other public enterprises, it has never had anything like a monopoly. Its share of the road haulage market has never been above 10 per cent, though it is the biggest concern in the field. For a time it was seen as the model of a public sector company in a mixed economy—competing with, but not crowding out, the private sector.

In the mid-1970s, however, it ran into severe financial difficulties and the corporation frequently complained that it was hamstrung by its financial structure which only allowed it to borrow from the Government and then to pay the money back at high interest rates. In 1978 there was a partial financial reconstruction reducing some of the debt, and the corporation is now in what the City calls a "recovery situation."

The Labour Government always had the intention of doing something more. The Labour Party Manifesto this year, for example, stated that the NFC "must be enabled to provide the basis for expanding the public sector in the road haulage industry." But somehow the party never got round to it in office. What the Conservative Government is doing now is preparing to sell the corporation to the private sector in such a way that the old debate about nationalisation of the road haulage industry will not be revived.

Conservative plans go back several years. A version of them was first made public in a paper called "The Right Track"* and written by Mr. Norman Fowler, now the Transport Minister, in 1977. The paper suggested that the loss-making National Carriers and NFC should be financially separated, with substantial private investment then going into the corporation. It also referred to the possibility of hiving off some of the NFC companies to the private sector. But its preferred solution was to seek private investment in the NFC itself and "provide a corporation similar in make-up to British Petroleum."

The striking fact about the paper was that it had been carefully researched. Mr. Fowler and his colleagues had already discussed the feasibility of their ideas with members of the board of NFC, and the corporation was on record in its annual reports as wanting equity capital.

The Conservative Manifesto this year said simply: "We aim to sell shares in the National Freight Corporation to the general public in order to achieve substantial private investment in it." There was nothing about the timing, the size of the stake to be sold, the possibility of hiving off the more profitable enterprises or about the so-called BP solution. But it was the signal for NFC to be ready to go into action.

Immediately the Conservatives had won the election and Mr. Fowler had been duly appointed Transport Minister, Mr. Robert Lawrence, the NFC Chairman, was in touch. The NFC also called in Schroders as financial advisers. What has happened since is that what amounts to a joint committee has been set up between the NFC and the Department of Transport to see how best to proceed with the sale. Schroders are advising both sides and sitting on the committee whenever necessary. The whole operations is described as a tripartite exercise between the NFC, the Department and the bank.

There have been some changes in Tory policy since "The Right Track," and even since the election. The idea of selling off the more profitable parts is now out, not least because it would leave the problem of what to do with the remainder. Offers to buy some of the NFC's most attractive assets—such as Tempco, the cold storage concern—have been firmly refused.


NFC's Mr. Robert Lawrence (left) and Transport Minister Mr. Norman Fowler.

The Government has accepted that the corporation should continue as a holding company of broadly its present size and range of interests, which was exactly what the NFC wanted.

The Government has also accepted that the majority of the shares should be sold, and may even choose to sell the lot. The BP solution has been abandoned. Again, that accords with the wishes of the NFC. The board apparently wants to get out of the public sector altogether.

The next step will be to change the legal form of the corporation into that of a company with shares. That will be done through the forthcoming Transport Bill which should be enacted by next summer. But there will still be no hurry to sell. It will be a question of waiting for the 1980 results. The earliest date for the sale therefore is probably the autumn of 1981. Current thinking is that the shares will then be disposed of in one go rather than in several stages, though it is still open whether the Government will seek to retain any stake at all.

So much for the planning. There are also snags. The chief of them is whether the NFC in its entirety really is a saleable proposition. The corporation made a record trading profit last year of just over £20m on a turnover of £407m. Its net profit after charges was the first since 1973 but was only £342,000: hence the complaints about the present financial structure.

This year the corporation has been hit by the road haulage strike, the engineering dispute and the strike at Kellogs corn flakes, of which it is the main carrier. The forecast is still for a profit, but it will probably be small. That is why it is necessary to wait for the 1980 results to see whether the NFC really is in a recovery situation and to decide how to conduct the sale.

Some of the shares will be offered to employees as part of the Tory philosophy of wider share ownership, yet it seems unlikely that that will account for much of the total. No other transport company in this country appears to be big enough to buy the NFC *en bloc*, even if it wished to do so and one is assured by the most successful of them that they do not.

There may be also problems with the unions, none of whom are happy about the prospects. There have been some suggestions that they might buy the shares themselves, and neither the Government nor the NFC would object, but they do not seem to have got very far. The Labour Party has been relatively quiet on the matter, concentrating its fire on the sale of the shares in BP. In any case, its own record on road transport does not exactly entitle it to speak with authority.

Scepticism

In the end the sale will probably depend on the NFC's performance over the next year or so and, of course, the price. In spite of the scepticism about the extent of the corporation's recovery and the real value of its assets, there is no denying that there is a certain amount of City interest in what is going to happen. Buyers almost certainly could be found, if the price is right.

Road haulage would then pass out of the public sector, though the question would remain whether it would stay out. It is entirely possible that a new Labour Government would insist on renationalisation, in which case we should be back where we started and indeed back with the arguments of the 1950s and 1960s. The test of the present Government's policy is whether it can dispose of the NFC without creating a demand for the state to take it back.

It may seem a relatively small issue on which to have dwelt at such length. Yet it illustrates the time it takes successfully to make a change of direction even in a small area of industrial policy. Unlike the BP sale, the primary purpose of disposing of the NFC will not be to raise revenue and cut the borrowing requirement: the returns will be too small to make much difference. It is the withdrawal of the state from activities in which the Conservatives think it should not be involved. As Mr. Fowler put it: "We see no reason why a firm which runs road haulage, removals and cold storage and competes with free enterprise firms should be in the public sector."

The achievement of this one small sale, however, will take several years, and even then it may not stick. That is the measure of the problems the Conservatives are up against in their attempt "to turn the country round." There appears to be no great popular enthusiasm for selling off public assets to the private sector and, in this particular case, no great interest either. One must confess that one's own reaction to the proposed sale was: does it really matter who owns the NFC? What is impressive in a way is that somebody should be getting on with it, nevertheless. When the first share is sold, it will probably be nearly five years since the preparation of "The Right Track." It takes an awfully long time for a political idea to become reality.

* *Conservative Political Centre: 60p.*

Malcolm Rutherford

Letters to the Editor

UK–U.S. tax treaty

From Mr. M. Grylls, MP

Sir,—It would be the ultimate irony if Britain's Government, so clearly determined to create the right conditions for industry to prosper at home were, by precipitate action, to damage our multinational's U.S. investments. While much of British industry with the UK has lagged behind our main competitors both in investment and productivity, overseas British companies have been outstandingly successful. For example, in the U.S. Britain has more investment than any other foreign country. In 1975 UK investments in the States were worth $7bn.

The "precipitate action," which many of our leading industrialists fear, is the ratification by the Government of the UK/U.S. Taxation Treaty. Originally, this treaty, in clause 9 (4), banned individual states, such as California, Alaska and Oregon, from applying unitary taxation on a "world-wide reporting system." Alas, a year ago the Senate struck out clause 9 (4) from the treaty. Now Britain has the option either of ratifying the treaty as amended, so leaving our investments in California, Alaska and Oregon, etc., subject to this ludicrous tax, or "sitting" on the treaty for a time to see whether separate U.S. legislation is enacted to stop such methods of unitary taxation.

The Government is, of course, under pressure from our insurance companies, U.S. oil companies and from HM Inland Revenue, to "sign and be damned." But, to do that would be to abandon our companies operating in states such as California to the vagaries of unitary taxation. A wiser plan, surely, would be for the Government to hold back, for a time, from ratifying this treaty and do all in its power to encourage Congress to pass legislation to deal with this problem. Delay in ratification is Britain's one chance to demonstrate effectively its tary taxation; it would also show U.S. corporations who stand to receive some $500m of tax back from our Treasury, that if they want their money they must persuade Congress to legislate against unitary taxation by individual states.

It took the U.S. Senate two years before it dealt with the treaty, so a similar delay by Britain could hardly be criticised. *Arm-twisting it may be*, but that is what "fair" treaties are all about. Let us see Her Majesty's Government standing up for what is, after all, a genuine British interest. A $7bn interest to be precise!

Michael Grylls.
(Vice-Chairman Conservative Industry Committee),
House of Commons, SW1.

To audit or not to audit

From the President, Association of Certified Accountants.

Sir,—I support Mr. John Butterworth's view (October 9) that the filing of audited accounts at Companies House is a reasonable price to ask for the protection of limited liability.

Incorporation is more than a legal thing. It endows the owners or shareholders of proprietary companies with substantial advantages. If it did not, tens of thousands of businessmen would not have bothered to form private companies. For the owners, limited liability protects their personal wealth from claims arising from business transactions. This does not operate in reverse; and some of that personal wealth may have been accumulated from business activities. When things go wrong and the company folds up, those who deal with it and those employed in it are exposed to loss and suffering.

In the article (October 3) which originated the correspondence in your columns, David Smith incorrectly stated that an audit review was suggested by the profession. The audit review suggestion has appeared from writers in professional journals and has been discussed in professional circles. The profession *as such has not* advanced it. The suggestion has been supported by many large auditing firms, but the users of accounts are opposed to it. Regrettably the Government's Green Paper "Company accounting and disclosure" is stepping backwards in this context in proposing a dilution of statutory accounting and auditing requirements for the smaller company. The users of accounts who would be prejudiced by the Government's proposals deserve the fullest support which the profession can give.

Amory Pakenham-Walsh.
Association of Certified Accountants,
29, Lincoln's Inn Fields, WC2.

Non-executive directors

From the Managing Partner, Corporate Consulting Group

Sir,—Hugh Parker (October 10) emphasises the potential role of the non-executive director, or at least his plural "bloc" form, in monitoring the strategic performance of a company from a different vantage point to that of the executives, who are understandably identified with the appropriateness of past decisions.

They are however, only one component of corporate leadership, and the reality is that even several non-executives of the appropriate quality on a board (how many boards are currently in that position?) will remain relatively powerless to influence the shape and pace of strategic development (as opposed to monitoring its effectiveness) unless there are corresponding changes in the executive components of corporate leadership of at least a commensurate kind.

Information systems do not normally surface critical strategic issues and options for board consideration; agendas of boards give scant attention to underlying issues as opposed to performance and announcements; it is not easy to identify the chief strategy officer of a business except by implication from another role; strategy is held to be the prerogative of line executives, who not surprisingly carry forward their own pasts; the strategy unit at the centre is normally without real teeth and status and encouraged to *focus* on procedures, techniques and time-tables.

Perhaps the most effective way to encourage a strategic focus in boardrooms is to establish a strategy committee of the board, not so much because of any intrinsic wisdom it would have, but to ensure there are parallel pieces of the executive organisation focussed on strategy, if only defensively at the outset. Good non-executives on the strategy committee of a mixed board are likely to be more effective in strategic terms than the introduction of a supervisory board with the tendency, in this country at least, to become a representative council of conflicting and adversary groups.

Leslie Dighton.
24, Buckingham Gate, S.W.1.

Bite in the boardroom

From the Managing Director, Ores International

Sir,—Hugh Parker (October 10) made an excellent point regarding the requirement for a "critical mass" of non-executive directors on company boards. There is no doubt but that a group of independently-minded, objective and clinically critical directors would help improve the performance of many companies.

The problem is to activate the concept. It is the role of shareholders to seek out and elect such directors. If they are apathetic the board remains self-perpetuating.

Again one has to evaluate the motivation and commitment of such independent, non-executive directors since obviously their role would not be easy. Too low a fee would prejudice their commitment, and one too high possibly effect their complete objectivity.

The third issue which I believe requires consideration is the authority of subsidiary company boards to co-opt independent non-executive directors, a matter which I feel may well be very desirable.

In my view it would be appropriate for the Stock Exchange, CBI and the Institute of Directors to set up a working party on this issue.

M. I. Webb-Bowen,
35-39, Maddox Street, W1.

Third London airport

From Mrs. Rich-Jones,

Sir,—Although I agree with Mr. Wesley Paxton's views (October 10) on the third London Airport, I wish to point out that the whole question of the airport should be considered in the national context and not solely by reference to the south east.

It is not just that the development of Stansted as a third London Airport would irretrievably ruin a large area of unspoilt English countryside. It would also set the seal on a permanent imbalance between the north and south of England, *driving a further wedge* between the "two nations," which Conservative policy seeks to unify.

It is entirely true that most demand for air services originates in the south east, but this is the function of centralisation, exemplified by the concentration of nationalised industry headquarters in London to the detriment of the prosperity of the north. This centralisation has deprived the north of its due share of company headquarters and associated service industries.

If the country is to break out of the vicious circle, airport policy must go hand in hand with decentralisation from the south east to the north.

Mrs. M. Rich-Jones,
"Nutlands,"
Stebbing, Essex.

Flying first class

From Mr. A. Lucking.

Sir,—You report (October 13) that the Guild of Business Travel Agents has criticised British Airways for scrapping first class lounges on its Jumbo jets, and fears that the business will transfer to Pan American.

Currently, first class service is usualy a catastrophic loss maker, and with the American determination to enforce their antitrust legislation, all the airlines will be forced by the ensuing price competition to cut out such losers. This will benefit the economy fare passengers, who at present have to cross-subsidise both the first class and discount passengers.

British Airways merely anticipates the results of world wide airline deregulation, and is right to do so.

A. J. Lucking,
Flat 20, 17 Broad Court,
Bow Street, WC2.

An extra journey

From Mr. P. Bates

Sir,—A personal experience may reinforce the call, by my one-time fellow civil engineering student Sir Colin Buchanan, for analysis of air traffic forecasts which he made in your issue of September 27.

My wife and I travel from Prestwick to Montreal soon. British Airways insists that our return (on an advanced booking fare) is via London and Glasgow airport, so boosting the statistics for London airport. On two previous occasions we travelled from Scotland to Montreal from Prestwick and returned to Prestwick on scheduled flights.

P. D. Bates,
Broompark,
Jamestown, Strathpeffer,
Ross and Cromarty,
Scotland.

Fishing in the North Sea

From the Chief Executive, National Federation of Fishermen's Organisations

Sir,—News that Danish fishermen are considering defying United Kingdom measures to restrict fishing for reduction purposes (October 11) prompts some observations. The pout box, where the Danes wish to return, is an area off the north east coast of Scotland where no one, Danes, British or any other fishermen may catch Norway pout. The House of Commons Expenditure Committee explained why it is there: "North Sea haddock (and also whiting and other white fish) stocks have been seriously affected by the industrial fishing for Norway pout pursued, mainly by Danish and Norwegian vessels, with small-meshed trawls. Immature haddock, whiting, etc., have been taken in large numbers and converted into fishmeal, thus reducing the stock exploited for human consumption with conventional mesh-sized trawl and seine nets. To reduce this damage, scientists recommended, through ICES (International Council for the Exploration of the Sea), prohibition of fishing for Norway pout in that part of the north western North Sea where the juvenile stocks of haddock and whiting were at greatest risk. Although agreement on a closed area was reached in NEAFC (North East Atlantic Fisheries Commission) in 1976, Denmark objected and the UK therefore proposed a closure as a Community measure in 1977. After the UK had taken the initiative and had made an order under national legislation this was finally adopted." The pout box was recommended by international scientists, it is wholly within UK fishery limits and it does not discriminate between fishermen from different EEC member states as it applies to them all.

But Danish fishermen do not only fish in the pout box, they go wherever fish is available in sufficient quantities to feed the very large Danish fishmeal industry. Nor do they only fish for Norway pout. The story of the North Sea herring indicates the magnitude of the problem, and this is only one example. Over many years in the 1960s and 1970s Danish vessels regularly caught between 200 and 300 thousand tonnes of herring from the North Sea and the Skagerrak, largely for industrial use, and even as late as 1977 three quarters of the Skagerrak herring catch was used for reduction to meal. (This compares with an annual British North Sea catch over the same period of about 20 thousand tonnes, almost wholly for human consumption.)

The consequences of the industrial fishery for herring in the North Sea, the destruction of the fishery and a ban on herring fishing, are well known. The British Government cannot stand by and allow the same thing to happen to the white fisheries.

The attitude of other EEC members, industries and governments, towards conservation sticks in the throats of British fishermen more than any other aspect of this long and sorry history, and the remarks of Mr. Toernaes of the Danish Fishermen's Association are no exception. He should understand that sooner or later the Danes were bound to reap the consequences of building a fishmeal industry on such fragile foundations, and that the solution to the difficulties of Danish fishermen does not lie in more destruction.

D. A. Palfreman.
Exchange Building,
Fish Dock Road, Grimsby.

Butlers, Eton and Harrow

From Mr. H. Hobhouse

Sir,—Your jokesmith, usually so felicitous, is faltering. The story (October 18) about Eton and poverty ("Even the butler was poor") is a very old chestnut. I had the honour of being told it by Lloyd George in 1938. But even he did not pretend it was original. Nor did he mind when I did not find it funny. "Never mind," he said, "Arthur Balfour did not think it funny, either. Besides," he added, "Arthur always said that they told it about Harrow in the 1860s."

Henry Hobhouse,
Bottom Barn,
Castle Cary,
Somerset.

Today's Events

GENERAL

UK: Prince Philip speaks at Guild of Air Pilots and Air Navigators 50th anniversary dinner, Guildhall.

Mr. Ron Hayward, Labour Party general secretary, speaks at Fareham Labour Party diamond jubilee dinner.

Miss L. P. Chibesakunda, Zambian High Commissioner, addresses Royal Commonwealth Society dinner, Bristol.

Overseas: Mr. Harold Brown, U.S. Defence Secretary, starts two-day visit to Tokyo.

Mr. Sadek Tabatabai, Iranian Deputy Prime Minister, meets Herr Hans-Juergen Wischnewski, West German Chancellery State Secretary, Bonn.

Final day of Financial Times conference on Brazil—outlook for 1980s, Rio de Janeiro.

Final day of King Jean Carlos of Spain's state visit to Sweden.

OFFICIAL STATISTICS

Retail prices index for September. Tax and price index (September).

COMPANY RESULTS

Final dividends: Sidney C. Banks. Fairview Estates. Peters Stores. **Interim dividends:** Sozomana Group. Tabbitt Group. E. Upton and Sons. Wettern Brothers.

COMPANY MEETINGS

Bollington Textile Printers, Oak Bank Works, Bollington, nr. Macclesfield, 12. Bromsgrove Casting and Machining, Perry Hall Hotel, Bromsgrove, Worcs., 12. Celtic Haven, The Offshore Centre, Pier Road, Pembroke Dock, Dyfed, West Wales, 12. Compco, 7, Albyn Place, Edinburgh, 11. Meat Trade Suppliers, Winchester House, 77, London Wall, EC, 12.

Hawker Siddeley declines and warns on strike costs

POOR PERFORMANCE by some UK-based operations and lower interest income left first half 1979 taxable profit at Hawker Siddeley down from £55.6m to £53.1m. Looking to the second six months the directors of the electrical and mechanical engineering group warn that the company will have to carry the cost of the national engineering strikes which hit the majority of its units in this country.

Sales were up from £480m to £555m with the UK content better at £410m, against £351m, and overseas at £145m (£129m). With the share of associates again at £4.1m trading profit was held at £46.6m but interest income was down from £7m to £4.5m.

Tax, with the deferred element treated in line with SSAP 15, took £18.8m (£17.3m) and £6m against £1.3m, went to minorities leaving stated earnings per 25p share some 31 per cent lower at 14.3p (18.8p).

The net interim dividend is stepped up to 3p (2.1047p). A total of 7.5p was paid from record profit, including six months of Carlton Industries, of £118m for 1978—the first full year after Hawker's aerospace interests were nationalised.

Trading by overseas units was generally good during the half-year, but this performance was not matched by several of the UK operations, which were affected by national, and in some cases, local industrial relations problems. Additionally, in some traditional markets, political changes had a serious adverse effect on trade with Britain.

To improve operating economics, adjustments are continuing to be made in the company's UK units where adverse influences are likely to be of a longer term nature, the directors say.

Industrial and marine diesel engines, switchgear, and generating sets particularly, attracted poorer markets than previously, in contrast with railway and mining activities, electric motors, secondary batteries and automotive diesel engines, where demand was sustained at a better level.

Hawker Siddeley Canada had a buoyant period, helped by a high export demand for railway freight equipment, particularly for the U.S. and the relative weakness of the Canadian dollar which has assisted competitive exporting from Canada.

Adoption of accounting standard No. 15 increased post-tax profit for the comparative half-year by £12.2m and released £20.5m from the related reserves.

See Lex

Terry Kirk

Sir Arnold Hall, chairman of Hawker Siddeley . . . still counting the cost of the engineering strike.

Spencer Gears up to £0.45m

RECORD taxable profits of £450,363, against £380,240, are reported by Spencer Gears (Holdings) for the year to June 30, 1979. Turnover rose 14.5 per cent from £4.34m to £4.97m.

The directors say the current year has started well with increased order books while sales in July and August were well up compared with the same period in 1978.

Over 70 per cent of group profit was earned in the second half—at midway the surplus was £123,305 (£105,776)—with good results from Southern Industries (Croydon) and Southern Industries (Coolers). Spencer Gears continued to make progress.

Major expansion programmes are in hand at Southern Industries (Croydon) and Spencer Gears, where new factories will go into production in the current year, the directors add.

The net total dividend is effectively raised from 0.6065p to 0.9p, with a final of 0.65p.

Tax takes £71,258, against £59,587. Earnings per 5p share are given as 4.15p (3.62p) after diluted tax charge, and as 2.34p (2.15p) on full charge.

Pre-tax profit was struck after interest of £78,176 (£49,783). Retained balance came through higher at £296,888 (£275,245).

London & Montrose

Gross income of London and Montrose Investment Trust increased from £1.03m to £1.22m in the year ended September 30, 1979 and the total net dividend is raised from 5.9p to 7.15p with a second interim of 5.15p.

Management expenses totalled £68,839, against £57,990, the interest charge was £16,856 (£17,100) and tax took £424,363 compared with £366,671.

Earnings per share are stated as 7.23p, against 5.99p. Net asset value per share at year end amounted to 270p (276p).

Ibstock £5m rights issue

Shareholders of brickmakers Ibstock Johnsen are being asked to put up almost £5m net by way of rights to refinance part of the borrowings for the acquisition of Glen-Gery Corporation, a U.S. manufacturer of face bricks.

A total of 7.9m new 25p shares is being issued at 65p per share on the basis of two-for-five. The issue is being underwritten by London and Yorkshire Trust.

As forecast in September, the directors intend to pay a net final dividend of 3p for a total of 4.5p—an increase of 31 per cent.

They estimate a 10 per cent drop in full-year pre-tax profits to £4.5m, with a second half figure of around £3.25m.

The profit forecast for the second half includes a contribution from Glen-Gery from August 6, 1979.

The directors say that the forecast allows for recent increases in rates of interest and includes profit from the U.S. somewhat lower than anticipated two or three months ago, reflecting a reassessment of trading policies and stock valuation of Marion Brick Group consequent upon its integration with Glen-Gery.

Careful consideration is being given to the actions required to deal with continuing and unacceptable losses in Belgium, expected to amount to £1.2m for the full year, they add.

Brokers to the rights issue are Laing and Cruikshank.

● **comment**

It is unfortunate that Ibstock Johnsen's £5m cash call coincides with a rather disappointing profits forecast when the market was expecting at least a full recovery. It appears that the company was initially rather over optimistic in assessing its U.S. inventory values, while Belgium losses continue at an unacceptable level. The shares slipped 6p to 76p, where the discount on the overnight price is cut from 20 per cent to 17 per cent; with an ex-rights yield of 8.8 per cent, Ibstock is not giving much away. However, while the immediate prospects look muted, the company should be able to rally next year. Higher profits should be attainable in both the UK and the U.S. while Belgium losses could be curbed if, as expected, some radical surgery is implemented immediately. Post rights, net borrowings will be at the more comfortable level of just under 50 per cent of shareholders' funds.

Gen. Scottish

For the year ended March 31, 1980, the directors of the General Scottish Trust estimate an increase in pre-tax revenue from £712,000 to £770,000 and from £435,000 to £494,000 in net revenue.

The interim divdend is stepped up from 1.5p to 2p—last year's total was 4p.

Earnings per share are stated as 4.934p against 4.372p and net asset value per share is shown as 125p compared with 122p. Tax charge is £107,000 (£113,000) andthere are £169,000 (£164,000) tax credits applicable to franked income.

At September 30, 1979, £64,621 of the 5½ per cent convertible unsecured loan stock 1995-2000 was converted into ordinary shares. The balance of £83,210 is being compulsorily converted or repaid.

Hawker Marris into loss

TABLEWARE manufacturer Hawker Marris reports a pre-tax loss of £170,060 in the half year to June 30, 1979, compared to a profit last time of £99,166.

And while improved results are normally to be expected in the second half, say the Board, it is too early to predict that the recovery will be sufficient to offset the first six months' deficit.

A period of reorganisation resulting from the introduction of new products and measures to improve productivity was made more difficult by a number of outside factors, say the the Board.

Home sales were affected by the severe winter weather and the initial shock of the increased VAT rate. Some export sales were irrevocably lost because of the road haulage strike and conditions were made more competitive by the strengthening of sterling.

Redundancies arising from the reorganisation have cost £24,925, and the Board say additional short term costs of a similar magnitude have been charged against profits.

No dividend will be paid; last year an interim payment of 1.97p was made, followed by a final of 5.17p, on pre-tax profits of £188,000.

Sales slipped this time to £1.72m (£1.79m) and the trading loss came out at £64,273 (£137,316 profit). Interest takes £80,862 (£38,150).

Medminster profit and dividend up

Following the first half increase from £78,445 to £96,320, profits of Medminster improved from £202,714 to £256,795 in the year ended June 30, 1979, before tax of £134,399, against £119,904.

Earnings per share are stated as 6.12p, against 4.14p, and the final dividend is 1.25p, lifting the total from 2.02665p to 2.25p.

The group specialises in furniture hire and sales and trades as shippers and forwarders. The ultimate holding company is John Delaney Group.

Brooke Bond dips to £41m but better than expected

BETTER-THAN-EXPECTED profits are reported by Brooke Bond Liebig, the tea and food combine. The group made taxable profits of £41m, compared with £43.8m, in the year to June 30, 1979, on turnover down from £756.2m to £649m. Half-time pre-tax profits fell by more than £4m.

The dividend is being lifted from 3.0863p net to 3.55p with a final payment of 2.635p. Stated earnings per 25p share rose from 7.71p to 8.65p.

The directors say the UK business did particularly well. It contributed 39 per cent of total profits, compared with 30 per cent the previous year.

They add that the principal gains came from higher distribution volume, elimination of losses following the closure of unprofitable overseas companies and lower interest costs—down from £7.34m to £4.12m.

Final group trading profit of £39.2m was down only £1.6m. Currency profits earned by overseas subsidiaries were affected by changes in exchange rates. If these could have been translated at the more favourable rates of June, 1978, profits would have been £3.4m higher, say the directors.

But trading profits in Africa and Asia were down significantly, due mainly to the lower tea price on plantations.

Brooke Bond India had a very successful year but its contribution to profits was reduced because of the change to associate status. Profits of Brooke Bond Pakistan which is a 50.7 per cent subsidiary were much lower.

Areas other than Africa and Asia earned higher profits in the second-half than was expected at midway. In addition, there was a first-time contribution of over £2m from acquisitions made during the year, principally Bushells in Australia

At midway when the taxable surplus was down from £22.22m to £18m the directors said they expected second half profits to be closer to those of the previous year. They warned that profits from Africa and Asia would be down but expected profits from other areas to show an overall improvement.

The board now says growth in shareholders' funds was held back by the effect of the stronger pound on net assets overseas. The translation of these into sterling led to a reduction in value of £16.5m which has been taken to reserves in accordance with the group's practice.

The cash outflow during the year on acquiring investments in new subsidiaries was £23m, and these did not give rise to any element of goodwill.

The directors add that the reduction in sales was more than accounted for by the effects of currency translation into sterling and the final deconsolidation of Brooke Bond India.

The taxable surplus was struck after interest, associated profits ahead from £1.2m to £2.7m and profit on the sale of land and buildings of £1.81m (£3.07m). Tax took £17.51m (£21.72m).

The attributable profit jumps from £14m to £22.73m after an extraordinary credit of £495,000, against a £5.83m debit, and minorities down from £2.29m to £1.26m.

The balance sheet shows shareholders' funds at £214.8m (£208.9m) and medium and long-term loans down from £53.2m to £43.4m.

	Year 1979 £000	1978 *£000
Sales	648,952	756,202
Trdg. profit before int.	40,638	46,918
Associates	2,596	1,198
Interest charges	4,124	7,342
Trading profit	39,210	40,774
Profit on land and buildings sales	1,815	3,066
Profit before tax	41,025	43,840
Tax	17,506	21,717
Profit after tax	23,519	22,123
To minorities	1,280	2,281
Extraordinary items	495	†5,833
Attributable	22,734	13,999
Dividends	9,128	7,935
Retained	13,606	6,064

* Comparative figures restated on basis used for 1979 to reflect changes in accounting for depreciation on buildings and for deferred tax. † Debit.

See Lex

HIGHLIGHTS

Lex looks at the speeches made at the Lord Mayor's banquet by the Chancellor and the Governor of the Bank of England regarding the control of the money supply. On the corporate news front Hawker Siddeley reports profits slightly down at £53m. However stripping out acquisitions and overseas profits growth, reveals that some UK activities (in particular the disel business) experienced a squeezer on profits. Meantime Brooke Bond Liebig shows a sharp recovery in UK profits leaving the year figure better than expected at £41m. Finally Lex considers the Rothschild Investment Trust offer for Hume. Link House's offer for sale has closed well oversubscribed and there is news of the next company to come to the market. Ibstock Johnson launches a near £5m rights issue to cover borrowings from earlier acquisitions. Elsewhere in the inside pages comments are made on UBM, Saga Holidays, Platignum and Lee Cooper.

Conder coming to market

HOT ON the heels of Link's success comes news that another small company is planning to come to the market with an offer for sale next month.

Conder, which is the UK leader for steel framed buildings, is finalising plans to make an offer for sale of around 25 per cent of the equity raising £2m. The date of the issue is not finalised and no doubt merchant bankers Rothschild and stockbrokers W. Greenwell are looking at the timing of the sale of BP shares which are overhanging the market.

However BP is unlikely to have a material impact on a Conder's issue which is not big enough to even warrant Bank of England permission.

The offer sale will not raise any new money for the company. The shares on offer will come from existing holders, including the staff trust, the Conder family and probably TI and Wimpey which have been shareholders since 1964.

One of the questions which the issue poses is how the market will react to a company passing on a slice of profits to employees by the profit sharing scheme.

That makes Conder a fairly rare animal but the backers to the issue reckon that potential investors will look at the profits after the staff scheme.

In 1978 Conder made profits of £1.85m pre-tax on sales of £66.5m.

Elbief expects poor first six months

The outcome of the current year's first half for Elbief could not be other than disappointing, Mr. S. Prais, chairman, told shareholders at the annual meeting.

Orders were again picking up but the second half year would need to be exceptionally good if results for the year were to compare favourably with those of the previous year.

For the year ended April 30, 1979, the group, maker of handbag frames, leathergoods accessories and picture frames, reported profits before covenanted donations and tax, of £363,679 against £338,633.

The chairman said increasing costs were eating away the advantage of increased sales for the early part of the year and a general feeling of uneasiness in the trade was not helped by the disruption of the engineering strike which curtailed output during the past two months.

Link House success

The offer-for-sale by Link House Publications of 3m ordinary shares at 125p per share closed yesterday heavily oversubscribed.

Applications were still being counted last night but a spokesman for County Bank, the underwriters, estimated that the issue would be at least 25 times oversubscribed.

Details, including the basis of allotment, will be announced today.

Saga Holidays hit by £419,000 charter loss

A SLIGHT fall from £1.12m to £1.06m in the second half left pre-tax profits of Saga Holidays, tour and hotel operator, at £2.03m for the year ended June 30, 1979, compared with £1.91m previously. The result was struck after an exceptional £419,000 loss on the charter of the cruise ship TSS Atlas.

Turnover for the year advanced from £18.56m to £23.15m, while profits included an increase from £0.99m to £1.25m in interest receivable on deposits.

The directors say all areas of the group's business showed satisfactory growth in turnover and profitability was good except in the cruise division.

On the current year, they state that growth will be restricted in the first half, but a significant improvement for the spring 1980 programme is expected.

Bookings for the autumn 1979 programme have reflected a trend away from overseas and cruising holidays towards UK holidays.

Tax for the period takes £1.08m against £0.98m, leaving net profits £25,000 higher at £956,000. A 5p net final dividend makes a total of 7.5p per 20p share, compared with a single 4.5p last time.

● comment

Saga Holidays has turned in a *reasonable performance despite* a large loss on its cruise division, but the market did not think that much of the figures and sent the share down 10p to 185p yesterday. The loss can be traced to the TSS Atlas, a ship which went through 11 sailings with excess capacity and which suffered from delays in distributing the advertising brochures. The company claims that this will not happen again and that customer loyalty and its flexibility in designing holidays for the over-60s set will contribute to an improved picture in future. The 1979 dividend of 7.5p net yields 5.9 per cent, while the p/e comes to 11 on a full tax charge.

UEI tops £1m in first half

PROFITS before tax of United Engineering Industries increased sharply from £684,000 to £1.03m in the first half-year ended July 31, 1979. Turnover improved from £4.42m to £6.4m.

Tax takes £536,000 against £356,000 giving earnings per share of 2.96p compared with 2.24p. The interim dividend is lifted from equal to 0.9p to 1.35p—last year's total was an equivalent 2.43p from pre-tax profits of £1.53m.

The Manchester-based group trades as a maker of heating systems, TV cameras, and electronic equipment.

Alfred Walker

Improved results are in prospect for Alfred Walker and Son, says chairman Mr. Raymond Walker in his annual review, if mortgages become less difficult to obtain. The company holds adequate land stocks for future requirements, and he hopes the increase in building society rates to investors will improve the inflow of funds and restore the confidence of potential house purchasers.

Trade with the continent has continued to expand, and the current year should bring a further increase in exports which, as the benefits of improved production become fully effective, should ensure a successful future for the building contracts and property development group.

As reported, a disappointing second half in the year to April 30, 1979, slowed the group's recovery following its midway turnround from a £43,000 loss to a £47,500 profit before tax. Taxable profit for the year was £53,000 against a loss last time of £1,000. The results of subsidiary AW Construction, which was sold on July 31, are excluded.

The most important factor leading to the disappointingly small profit, says the chairman, was the loss of nearly three months' production due to the severe winter. In addition, losses occurred on the completion of several local authority contracts.

Despite hopes at the halfway stage that payment of a dividend might be possible, the board does not consider the results now justify one. The last distribution was a single dividend of 1.75p in 1975.

Meeting, Birmingham, November 9, at noon.

Guildhall Property on target

IN LINE with the forecast of around £600,000 made last November in the annual report, pre-tax surplus of Guildhall Property Company was a record £610,607 for the year ended June 30, 1979, compared with £632,228 previously. First-half profits were ahead from £29,920 to £378,550.

Tax charge for the year was up from £313,970 to £406,590, leaving a net surplus ahead at £405,017, against £318,258.

Stated earnings per 25p share moved up by 1.42p to 6.46p, while a final dividend of 3.435p raises the total payout from 2.69p to 4.035p.

The company has "close" status

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Brooke Bond	2.64	Dec. 29	2.25	3.55	3.09
City of Aberdeen Land	5.75	Nov. 29	3.52	8.25	4.52
Craig and Rose ......int.	2.5§	Jan. 8	2.1	—	26.4
East Rand Gold ...int.	25¶	Dec. 7	—	—	25
Eleco	2.1	Jan. 3	1.2	3	1.94
Free State Geduld	235¶	Dec. 7	185	420	315
General Scot. Tst. int.	2	Jan. 4	1.5	—	4
Guildhall Prop.	3.44	Dec. 7	2.09	4.04	2.69
Hawker Marris ......int.	nil	—	1.97	—	7.14
Hawker Siddeley ...int.	3	Jan. 7	2.1	—	7.5
Industrial & Genl. int.	0.9	Dec. 5	0.7	—	2.15
Jersey General Inv. int.	7‡	Nov. 30	6	—	14.5
Lee Cooper ....int.	1.4	Nov. 30	8.83°	—	2.23*
Lndn. & Mont. 2nd int.	5.15	Nov. 22	4.65	7.15	5.9
London Shop Property	2.15	Dec. 13	2.14	3.05	3.03
Medminster	1.25	—	1.13	2.25	2.03
Norman Hay ....int.	1.5	Dec. 7	1.5	—	3.7
Platignum ....int.	0.16	Jan. 4	0.16	—	1.01
President Brand	180¶	Dec. 7	85	295	150
President Steyn	117.5¶	Dec. 7	50	182.5	80
Prestwich Parker	0	—	2.19	—	3.0
Saga Holidays	5	Dec. 14	4.5	7.5	4.5
Scottish Mortgage...int.	1.8	Dec. 1	1.4	—	3.9
Spencer Gears	0.65	Jan. 4	0.42	0.9	0.61*
Taylor Pallister ...int.	nil	—	1.5	—	4.5
UBM Group ....int.	2	Jan. 2	1.96	—	4.73
UEI ....int.	1.35	Dec. 5	0.9°	—	2.43*
Welkom Gold	67.5¶	Dec. 7	40	110	65
Western Hldgs.	375¶	Dec. 7	225	645	415

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Subject to Jersey tax. § Plus special Jubilee dividend of 10p. ¶ South African cents throughout.

MINING NEWS

Anglo gold mines on the crest of the wave

BY KENNETH MARSTON, MINING EDITOR

THE SEPTEMBER quarterly reporting season from the South African gold and uranium producers is brought triumphantly to a close by the mines in the Anglo American Corporation group.

Accompanying the higher quarterly net profits, which are based on an average gold price received of around $312 per ounce compared with about $258 in the June quarter come sharply increased final dividends from the group's Orange Free State mines.

The latest payments cover the financial year to September 30 when the gold price received by the mines averaged only $255—it closed at $383¼ yesterday—and are generally up to expectations.

Notably good among the dividends, which are summarised in the following table, are those of Western Holdings and Welkom. They raise the dividend yields on the two shares to over 16 per cent and, if gold prices hold at anywhere near current levels, further dividend increases can be expected in the current year.

	Sept. 1979 final cents	March 1979 int. cents	Sept. 1978 final cents	March 1978 int. cents
F.S. Geduld	235	185	185	130
Pres. Brand	180	115	85	65
Pres. Steyn	117.5	65	50	30
W. Holdings	375	270	225	190
Welkom	67.5	42.5	40	25

The benefits of the past quarter's higher gold prices vary from mine to mine with, of course, the major gainers being the more marginal grade producers. At the same time all have taken advantage, where possible, of milling more of their lower grade ore. Costs have been reasonably well contained.

The higher gold prices have also had the beneficial result, in the cases of mines with substantial reserves of low grade ore, of increasing the economic reserves of ore. Where they have been recalculated, economic ore reserve figurs have been based on assumed gold prices of $254, $269 and $285.

Average bullion prices received by the mines are compared in the following table.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

	Quarter ended Sept. 30	June 30
ERGO	R8,332 ($371)	R6,916 ($254)
Elandsrand	R8,531 ($318)	R7,126 ($262)
F.S. Geduld	R8,187 ($306)	R7,022 ($259)
F.S. Saaiplaas	R8,460 ($317)	R7,040 ($259)
President Brand	R8,279 ($309)	R6,998 ($258)
President Steyn	R8,393 ($314)	R7,016 ($258)
S.A. Land	R8,377 ($312)	R6,888 ($253)
Vaal Reefs	R8,467 ($316)	R7,036 ($259)
Welkom	R8,398 ($314)	R7,028 ($259)
Western Deep	R8,414 ($313)	R6,956 ($256)
Western Hldgs.	R8,290 ($310)	R7,023 ($259)

The increases in pre-tax profits have exceeded those, to varying degrees, in the net profits because of South Africa's sliding scale formula for tax. In the case of Western Deep pre-tax profits show an increase over the previous quarter of 41 per cent, but the net figure after deduction of tax is only 6.4 per cent up.

The quarterly net profits are as follows:

	Sept. R000 qtr.	June R000 qtr.	March R000 qtr.
East Dagga	‡8	‡82	‡6
ERGO	11,281	8,621	8,027
Elandsrand	2,007	408	*790
F.S. Geduld	28,861	24,537	21,312
F.S. Saaiplaas	12,473	7,448	4,973
Pres. Brand	35,147	27,742	20,795
Pres. Steyn	20,023	16,610	11,276
S.A. Land	‡519	‡402	‡1,101
Vaal Reefs	46,290	39,697	36,303
Welkom	7,298	4,544	4,378
W. Deep	39,096	36,256	13,904
W. Holdings	19,565	16,256	13,904

* Loss. ‡ Net surplus includes sales of equipment following cessation of mining.

The OFS mines have benefited from increased earnings at their joint metallurgical scheme; its production is lower than in the previous quarter but it has gained from the higher gold prices

The East Rand Gold and Uranium (ERGO), dumps retreatment operation, has managed to raise its production after past difficulties to the best since the operation started last year. Ergo paid a first dividend of 25 cents (14p) for the year to last March and is now declaring an interim for the current year of 25 cents.

Free State Saaiplaas is being granted loan facilities of up to R30m (£16.9m) by Anglo American and President Brand to finance its needs—arising from cash flow problems caused by the financing of the No. 3 shaft system—until June next year and has decided not to pay a dividend for the past year to September 30.

President Brand has decided to open up for mining the south-western corner of the mine's lease area and to this end is to sink a new shaft there with an estimated cost to completion of R125m.

For the time being the expenditure will be met out of profits but "with due regard to future dividend payments alternative methods of financing the project will be evaluated," it is stated.

The new shaft is expected to be commissioned during 1986. It will also give access to the Free State Development and Investment area, adjoining the mine's lease to the south, which is now being drilled.

NEW WITS

The chairman of South Africa's New Witwatersrand Gold Exploration, Mr. Andrew Gnodde, says that the company expects to distribute slightly increased dividends in the current year.

In the annual report, he says that provided the average annual gold price received by the mines is higher than the $228 per ounce obtained in the past year to June 30 and improved productivity is maintained, the group can look forward to increased dividends from its gold investments.

In the year to June 30 pre-tax profits totalled R3.8m (£2.14m). Earnings per share equalled 31.7 cents and dividends totalled 24 cents.

CRA bid for BH South can proceed

AUSTRALIA'S Federal Treasurer, Mr. John Howard, said yesterday that his government would not raise any objections *under the Foreign Takeovers* Act for Conzinc Riotinto of Australia to acquire BH South as a result of the curent bid.

This clearance was necessary because CRA is currently 68.2 per cent owned by London's Rio Tinto-Zinc. However, if the BH South shares and cash bid succeeds, the RTZ holding in CRA will fall to 60.34 per cent with the Australian interest rising accordingly to 39.66 per cent.

Three suitors have been attracted to BH South. The first was National Mutual Life Association of Australia with a cash offer of A$2.50 (129p) per BH South share which was rejected as "totally inadequate." This offer valued the company at about A$140m.

Then CRA stepped in with an offer of four of its shares plus A$1.25 cash for every five BH South which valued the latter company at about A$189m. This bid was recommended by the directors of BH South.

Last week the third suitor appeared in the shape of Australia's Western Mining. This consisted of 50 cents cash plus one WMC share for each share in BH South and valued the latter company at A$211m. The main attraction of BH South is its investment portfolio which includes a 20 per cent stake in the Alcoa of Australia aluminium group.

Yesterday CRA said that discussions with BH South were continuing, these including an examination of the potential to integrate the assets of the two companies. "An examination of the BH South assets is now under way and CRA is considering the options available to it in the long term interests of its shareholders."

BET expects modest rise

PROFITS of British Electric Traction *should show a modest* increase over last year's pre-tax surplus of £72.1m, forecast Sir John Spencer Wills, chairman, at the group's annual meeting.

BET's involvement with the engineering unions was small, he added, and the effect of the recent strikes would be to defer profit until the current year because of the delay in completing contracts.

But a further profit decline could be expected at Thames Television, in which BET subsidiary Rediffusion Television holds a 50 per cent stake, and new wage terms which will follow.

Thames Television's 27 per cent profit decline to £6.3m last year was due to greater investment in programmes, increased staff and higher pay levels, he said.

Ramar's order book full

Ramar Textiles *has a full* order book for the autumn season and initial selling for spring 1980 is encouraging, says Mr. Michael Radin, the group's chairman.

But he says the down-turn in retail sales following the VAT increase, with pending high wage claims and the possibility of industrial unrest this winter, make it difficult to be as confident *as the strong order book* warrants.

In the year to April 27 the group lifted taxable profits from £205,983 to £383,400.

The balance sheet shows fixed assets of £1.35m (£1.23m) and net current assets of £1.16m, against £1.02m. The bank overdraft is up from £395,739 to £1.06m.

Meeting Hyde Park Hotel, SW, on November 12, noon.

Eleco expands to £1.65m

FROM TURNOVER of £16.68m against £12.44m, profits before tax of Eleco Holdings rose from £1.1m to £1.65m in the year ended June 30, 1979.

Tax takes £220,963 (£24,123) giving earnings per share of 11.79p against 8.9p. The final dividend is 2.1p raising the year's total from 1.944p to 3p per 10p share.

When reporting pre-tax profits up from £487,000 to £707,000 at midway, the directors said they were confident that the final *result would be highly satis*factory. The group is involved in the engineering and construction industries.

which is higher than the forecast of 0.8p because of non-recurring dividends received during the year—last time, payments totalled 2.15p on £7.39m taxable revenue.

Net asset value at the half year is shown lower at 82.9p per share, compared with 84.4p a year earlier.

Administration expenses took £167,646 (£144,460), while debenture and loan interest fell from £1.03m to £847,821. Tax charge was up from £1.35m to £1.45m.

PRIEST MARIANS HOLDINGS (giftwear and domestic furnishing, lighting)—Turnover for April 30, 1979 year, £691,354 (£584,998), profit £48,821 (£49,489) after tax £4,127 (£1,211). Earnings per £1 share 30.14p (19.4p), dividend 5.74p (5.494p) net. Reserves have increased by £43,222, resulting from restatement of deferred tax liabilities and £30,000 has been allocated to a provision for future refurbishment of the company's premises.

Midterm fall for Taylor Pallister

Pre-tax profits of Taylor, Pallister and Co., fell from £125,339 to £71,258 in the half year to June 30, 1979, on turnover down from £1.17m to £923,550.

Stated earnings per share were down from 8.884p to 4.96p. There is a tax charge of £37,778 (£65,368).

Under the terms of an acquisitiaon offer by London and European Group for the company —engineer and maker of marine ancillary equipment—no dividend is declared.

An interim payment of 1.5p was made last time, with a final of 3p. Total taxable profits for the year were £215,000 on turnover of £2.2m.

Industrial and General advances

TOTAL INCOME of the Industrial and General Trust was better at £5.45m, compared with £4.93m, and pre-tax revenue moved ahead from £3.76m to £4.44m for the half year to September 30, 1979.

The interim dividend per 25p share is fitted to 0.9p (0.7p) net.

FOOD PRICE MOVEMENTS

	October 18 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton	1,320	1,220	1,180
British A.1 per ton	1,200	1,200	1,140
Ulster A.1 per ton	1,200	1,200	1,140
BUTTER†			
NZ per 20 kg	13.20/13.37	13.20/13.37	13.20/13.37
English per 10 kg	17.67	17.67	17.27
Danish salted per 10 kg	18.35	18.35	18.35/18.47
CHEESE‡			
English cheddar	1,450	1,450	—
Irish cheddar	1,471.19	—	1,481.03
Danish cheddar	1,420	1,420	—
EGGS*			
Home produced:			
Size 4	3.80/4.00	3.80/4.10	4.20/4.40
Size 2	4.40/4.50	4.50/4.60	4.60/5.00
	October 18 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	60.0/65.0	60.0/65.0	60.0/65.0
Eire forequarters	42.0/44.0	43.0/44.0	43.0/45.0
LAMB			
English	49.0/51.0	48.0/52.0	52.0/56.0
NZ PLs/PMs	47.0/52.0	50.0/51.0	47.0/49.5
PORK			
All weights	38.0/50.0	40.0/50.0	36.0/47.0
POULTRY			
Oven-ready chickens	38.0/48	38.0/42.0	38.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks, delivered, per tonne.

Goodyear returns to profit in third quarter

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GOODYEAR, the UK subsidiary of the world's largest tyre manufacturing group, returned to profitability in the third quarter of 1979. In 1978 the company incurred losses of £21.4m.

But Goodyear suffered another reversal recently when an explosion at the Wolverhampton plant killed three employees and the factory had to be closed. The explosion was in a sub-station of the plant's own power generating unit.

All production—some 28,000 car and truck tyres a day—stopped for ten days but 1,000 of the 4,000 workforce returned to work this week to resume some car tyre output. Truck tyre production will be suspended for at least another two weeks.

The group is losing sales because high demand had left it with low stocks, particularly on the truck tyre side. And overhead costs at the Wolverhampton headquarters are running at £110,000 a day.

The main problem has been locating replacement parts for damaged equipment. "We have been scouring the world," a spokesman said. Unofficial estimates put the cost of replacing damaged equipment alone at £1m.

Goodyear UK's return to profit arose mainly from the closure of the plant at Drumchapel, Scotland, with the cost of 700 jobs early this year. Goodyear claimed that labour productivity at the plant was only half that of comparable Continental factories.

The UK company also reduced the workforce at Wolverhampton where nearly 1,000 jobs were affected, and at a general rubber products factory in Craigavon, Northern Ireland.

See Page 33

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Allebone, Eastern Produce, Sogomana, E. Upton, Wettern Brothers.

Finals:—Sidney C. Banks, Courtney Pope, Fairview Estates, Lister, Peters Stores.

FUTURE DATES

Interims:—
Advance Laundries ... Nov. 13
Ambrose Investment Trust ... Nov. 9
Barker and Dobson ... Dec. 11
Burrell ... Oct. 24
Ceffyns ... Dec. 17
Callender (George M.) ... Oct. 26
Dunbee-Combex-Marx ... Oct. 31
Land Securities ... Nov. 15
Roberts, Adlard ... Nov. 6
Smith (W. H.) ... Nov. 13
Spong ... Oct. 26

Finals:—
Arenson (A.) ... Nov. 13
Smart (J.) (Contractors) ... Oct. 24

Second half boost for Aberdeen Land

Boosted by a £100,000 jump in second-half profits, the City of Aberdeen Land Association increased taxable surplus from £236,000 to £396,000 for the year ended June 30, 1979, on turnover of £2.51m against £1.56m.

Midway profits of the house-building and property developing concern were up from £85,250 to £145,398 and the directors said then that the second-half result would exceed that of the comparable period last year.

They now say this forecast was beaten as a result of benefits from the strong rise in house prices in Aberdeen, with the effects of this particularly marked in the second half.

This trend has continued into the first quarter of the current year.

After tax of £210,000 (£125,000) earnings per 50p share rose by 8.4p to 20.5p. The dividend total is stepped up from 4.52p to 8.25p net, with a 5.75p final.

Profits tumble at Prestwich Parker

Taxable profits of Prestwich Parker, nuts and bolts manufacturer, slumped to £37,124 in the year to June 30, 1979, against £217,170 last time.

Profits improved slightly in the second half, after a midway pre-tax surplus of £14,286. Mr. G. Parker, chairman, said then that the industry was suffering a severe depression, and a further decline in trading in the early part of the second half had necessitated short time working.

There is no dividend (3p net).

Tax takes £9,868 this time, compared to £113,515, and there is an attributable net loss of £10,303 (£83,283 profit).

UBM jumps to £5.5m at midway

TAXABLE PROFITS of UBM Group builders merchants and motor distributor, jumped from £3.35m to £5.52m in the half year to August 31, 1979, on turnover ahead from £126.4m to £133.3m.

The directors say that the merchanting and motor divisions performed strongly and other divisions achieved satisfactory results.

They add that the benefits of reducing operating costs and eliminating unprofitable parts of the business were felt increasingly.

But board points out that the second half has been hit by the shortages of some key products due to industrial disputes at suppliers.

However, providing there is no further serious deterioration in trading conditions the board expects a satisfactory outcome for the year. Total pre-tax profits last year were £6m.

Stated earnings per 25p share are up from 4.3p to 6.9p and the net interim dividend is 2p (1.9644p).

After tax of £1.93m, against £1.17m, the net profit is up from £2.18m to £3.59m. There is an extraordinary credit of £780,000 (£123,000) and after preference dividends, the attributable surplus is well ahead from £2.29m to £4.36m.

● comment

In A normal year, UBM makes more money in the second half than the first but it is some time since the group has enjoyed a "normal" year and supply problems are now being exacerbated by the engineering dispute. That said, interim pre-tax profits are up by 65 per cent and, since the benefits of loss elimination are broadly countered by the disposal of peripheral, profitable businesses, growth may be described as organic. The improvement stems from overhead cuts, an attack on shrinkage, and the concentration of the group's buying power to widen margins. Although the rationalisation of the branch network is mostly over and the pruning exercise is now complete, UBM is confident of continuing benefits in the second half which, if forthcoming, suggests that sights should now be pinned on at least £11m pre-tax for the full year. On that basis, the prospective p/e is 7.9 at 72p and the foreshadowed dividend yields 9.5 per cent. It has been a number of years since UBM performed satisfactorily and an investment at this price presumes that the benefit of recent management action will continue to bear fruit. Physical growth is another matter. While the professional end of the home improvement market looks steady enough, there is little or no volume expansion in the interim results.

Norman Hay slips midway

A decline in taxable earnings from £318,000 to £240,000 is reported by Norman Hay, electro-plating engineers, for the half-year to June 30, 1979.

Taking into account the effect of last winter's industrial problems on orders, the Board say they consider production has been satisfactory. The beginning of the second half has shown an improvement, they add.

The interim dividend is pegged at 1.5p net. Earnings per 10p share are down from a stated 3.82p to 2.9p. Turnover rose from £2.06m to £2.1m and tax is £124,000 (£165,000).

Lee Cooper surges £2m in first six months

FOLLOWING THE optimism expressed in the last annual report, Lee Cooper Group, the jeans and casual wear concern, achieved a near £2m profits rise in the first half of 1979 and full year results are expected to continue at this rate.

On higher turnover of £34.76m, against £31.75m, pre-tax profits for the period jumped from £2.48m to £4.45m, and the directors point out that but for the strength of sterling, these figures would have shown even greater increases.

The pound's strength has also affected the value of the company's overseas investments. At rates ruling on June 30, 1979, a provision of £824,000 would be required to cover the reduction in value.

Since June, however, the pound has weakened and the directors say it is possible that this provision will be substantially reduced when the final results are prepared.

Overseas subsidiaries' results have been translated at exchange rates ruling on June 30, 1979 (comparatives on June 30, 1978 rates). If overseas earnings included in 1978 half-yearly results had been translated into sterling at this year's June 30 rates, turnover would have been £29.28m and pre-tax profits £2.29m.

Earnings per 25p share surged from 11.83p to 22.35p and the net interim dividend is effectively lifted from 0.833p to 1.4p per share—last year's payments totalled an equivalent 2.233p on record £7.13m taxable profit.

Tax for the half year took £1.69m (£1.02m) and minorities £157,000 (£74,000).

● comment

The jeans revolution continues apace with Lee Cooper once again turning in impressive results. First half profits are 79 per cent higher at £4.45m—at least £0.5m lower than they might have been but for unfavourable exchange rates. The improvement has come across the board with Denmark, previously a loss-maker, now breaking even after some rationalisation. The company is bringing on stream new production facilities in the UK and Greece, and, with a few European countries still to be tapped, there looks to be scope for continuing firm expansion. However, it is difficult to see growth continuing at the pace of the past four years, which has been at an annual average rate of roughly 90 per cent. This year pre-tax profits should be at least £9m—an increase of a quarter. At that level the shares sell on a fully-taxed prospective p/e of 5 at the year's higher of 270p, up 17p.

Sheppee turnover tops £1m

Turnover in excess of £1m for the first time, was reported at the AGM by Mr. E. A. K. Denison, the chairman of Sheppee Holdings, maker of specialised engineering products for the glass industry. Of this figure, 40 per cent was exports.

Members were told that profits of the private company were still above the average for manufacturing companies of its size. The chairman added that the holding company, which controls Sheppee Engineering, of York, had returned profits well above the average for similarly sized manufacturing units.

Despite difficulties beyond its control which could occur within the next two years, the company was actively looking for products for diversification which could be brought under the holding company.

Little change at London Shop Property

Following the midway pre-tax profits decline from £254,750 to £168,730, London Shop Property Trust recovered in the second six months ended April 30, 1979 to finish little changed at £651,762 compared with £652,834. Turnover fell marginally from £4.95m to £4.85m.

Total income rose by £0.25m, to £2.29m of which property revenue accounted for £1.68m (£1.43m). Interest charged, however, increased from £1.25m to £1.64m.

Earnings per 25p share are shown at 3.4p (3.5p) and a final dividend of 2.15p makes a net total for the year of 3.0511p, compared with 3.0318p previously.

	1978-79	1977-78
Turnover	[illegible]	[illegible]
Total income	[illegible]	[illegible]
Property revenue	[illegible]	[illegible]
House building	[illegible]	[illegible]
Invest. income	[illegible]	[illegible]
Share of assocs.	[illegible]	[illegible]
Interest paid	[illegible]	[illegible]
Exceptional costs*	[illegible]	[illegible]
Profit before tax	651,762	652,834
Tax	[illegible]	[illegible]
To minorities	[illegible]	[illegible]
Extraord. debits	[illegible]	[illegible]
Exchange losses	[illegible]	[illegible]
From gen. reserve	[illegible]	[illegible]
Leaving	[illegible]	[illegible]

* On housing development † From minorities.

The Association of Investment Trust Companies — INVESTMENT TRUSTS: net asset values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY			Pence except where £ stated (see note d)			
159.0	Alliance Trust	Ordinary 25p	28/9/79	8.0	296.6	305.0	11.7
88.3	Anglo-American Securities Corpn.	Ordinary 25p	28/9/79	3.8	135.7	141.7	5.8
†	British Investment Trust	Ordinary 25p	28/9/79	†	†	†	†
29.0	Capital & National Trust	Ord. & "B" Ord. 25p	30/9/79	*5.75	153.9	186.6	6.8
13.0	Claverhouse Investment Trust	Ordinary 25p	30/9/79	4.4	129.5	129.5	0.1
13.3	Crossfriars Trust	Ordinary 25p	28/9/79	4.17	132.5	132.5	—
16.9	Dundee & London Investment Trust	Ordinary 25p	28/9/79	2.6	93.4	95.1	2.3
106.4	Edinburgh Investment Trust	Ordinary 25p	28/9/79	2.45	83.0	85.7	2.5
44.4	First Scottish American Trust	Ordinary 25p	28/9/79	3.15	127.9	129.9	5.7
13.5	Grange Trust	Ordinary 25p	28/9/79	2.4	120.3	124.5	2.8
74.9	Great Northern Investment Trust	Ordinary 25p	29/9/79	4.5	146.6	149.3	3.8
62.7	Guardian Investment Trust	Ordinary 25p	28/9/79	3.15	118.0	120.3	3.0
31.5	Hume Holdings	"A" & "B" Ord. 25p	28/9/79	*5.7	94.6	97.7	0.6
85.2	Investors Capital Trust	Ordinary 25p	28/9/79	2.3	109.7	115.4	6.0
20.9	Jardine Japan Investment Trust	Ordinary 25p	30/9/79	1.0	140.0	140.0	16.2
38.6	London & Holyrood Trust	Ordinary 25p	28/9/79	4.2	167.8	171.5	6.8
†	London & Montrose Invest. Trust	Ordinary 25p	28/9/79	†	†	†	†
50.5	London & Provincial Trust	Ordinary 25p	30/9/79	3.95	157.3	160.0	6.9
§119.6	Mercantile Investment Trust	Ordinary 25p	28/9/79	1.7	x61.7	65.6	1.5
	Do. Do.	Conv. Debs. 1983	28/9/79	£4.50	£93.10	£98.50	£2.30
†	North Atlantic Securities Corpn.	Ordinary 25p	28/9/79	†	†	†	†
52.8	Northern American Trust	Ordinary 25p	28/9/79	3.05	138.5	141.8	6.5
7.9	Save & Prosper Linked Invest. Trust	Capital Shares	28/9/79	—	165.8	165.8	—
136.8	Scottish Investment Trust	Ordinary 25p	28/9/79	3.0	139.6	143.8	4.9
65.1	Scottish Northern Investment Trust	Ordinary 25p	30/9/79	2.533	104.8	110.1	3.8
111.3	Scottish United Investors	Ordinary 25p	30/9/79	1.5	84.2	86.6	5.3
52.5	Second Alliance Trust	Ordinary 25p	28/9/79	7.2	253.8	261.8	10.2
3.7	Shires Investment Co.	Ordinary 50p	28/9/79	9.7336	147.7	147.7	—
44.3	Sterling Trust	Ordinary 25p	28/9/79	6.3	249.6	256.3	9.1
30.8	Technology Investment Trust	Ordinary 25p	28/9/79	3.1	153.7	155.0	6.3
79.6	United British Securities Trust	Ordinary 25p	30/9/79	5.1	177.7	179.0	6.5
23.3	United States & General Trust	Ordinary 25p	28/9/79	5.83	276.6	283.4	10.5
89.3	United States Debenture Corpn.	Ordinary 25p	28/9/79	4.05	122.6	127.0	5.2
	Do. Do.	Conv. Loan 1993	28/9/79	£5.00	£134.90	£139.70	£5.70
	Baillie Gifford & Co.						
‡116.6	Scottish Mortgage & Trust	Ordinary 25p	30/9/79	3.9	157.9	160.3	6.5
‡59.5	Monks Investment Trust	Ordinary 25p	30/9/79	1.85	72.8	73.4	2.7
‡16.1	Winterbottom Trust	Ordinary 25p	30/9/79	5.6	296.5	309.4	12.9
	Baring Bros. & Co. Ltd.						
†	Outwich Investment Trust	Ordinary 25p	28/9/79	†	†	†	†
23.9	Tribune Investment Trust	Ordinary 25p	24/9/79	1.8	91.4	91.5	3.6
	City Financial Administration Ltd.						
17.7	"Investing in Success" Equities	Ordinary 25p	28/9/79	3.35	238.0	241.2	8.6
	East of Scotland Invest. Managers						
†	Aberdeen Trust	Ordinary 25p	28/9/79	†	†	†	†
	Edinburgh Fund Managers Ltd.						
65.5	American Trust	Ord. & "B" Ord. 25p	30/9/79	*1.55	65.5	67.5	2.4
15.0	Crescent Japan Investment Trust	Ordinary 25p	30/9/79	1.3	197.7	197.7	18.1
14.3	General Scottish Trust	Ordinary 25p	30/9/79	4.0	125.5	127.8	3.5
	Do. Do.	Conv. Loan 1995/2000	30/9/79	£5.50	£159.40	£162.30	£4.40
8.9	Wemyss Investment Co.	Ordinary £1	30/9/79	12.5	396.6	396.6	14.3
	Electra Group Services Ltd.						
80.9	Electra Investment Trust	Ordinary 25p	28/9/79	5.8	158.6	158.6	3.8
301.3	Globe Investment Trust	Ordinary 25p	28/9/79	5.6	174.5	174.5	5.2
40.0	Temple Bar Investment Trust	Ordinary 25p	28/9/79	6.25	133.2	135.6	1.1
	F. & C. Group						
23.0	Alliance Investment Co.	Ordinary 25p	28/9/79	3.75	159.7	164.0	4.9
‡25.0	Cardinal Investment Co.	Deferred 25p	28/9/79	3.4	136.8	140.8	4.5
	Do. Do.	Conv. Loan 1985/87	28/9/79	£6.00	£147.80	£152.10	£4.80
15.4	F. & C. Eurotrust	Ordinary 25p	28/9/79	1.2	65.3	65.3	1.9
202.6	Foreign & Colonial Invest. Trust	Ordinary 25p	28/9/79	2.2625	122.6	127.0	4.4
‡32.5	General Investors & Trustees	Ordinary 25p	28/9/79	4.5	170.7	175.0	5.1
	James Finlay Inv. Management Ltd.						
1.3	Provincial Cities Trust	Ordinary 25p	30/9/79	1.78	37.9	37.9	—
	Gartmore Investment Ltd.						
7.3	Altifund Ltd.	Income 50p	28/9/79	10.0	102.9	102.9	—
	Do. Do.	Capital 50p	28/9/79	0.5	301.8	301.8	—
22.4	Anglo-Scottish Investment Trust	Ordinary 25p	30/9/79	1.9	65.4	70.9	1.8
30.1	English & Scottish Investors	Ord. & "B" Ord. 25p	30/9/79	*2.65	118.4	124.2	2.6
3.5	Group Investors	Ordinary 25p	30/9/79	2.2	100.6	104.0	3.6
5.7	London & Gartmore Invest. Trust	Ordinary 50p	30/9/79	0.75	98.0	102.7	3.9
11.1	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	30/9/79	*2.0	77.2	79.5	3.2
35.3	London & Lomond Invest. Trust	Ordinary 25p	30/9/79	2.2	113.2	118.2	3.7
11.3	London & Strathclyde Trust	Ordinary 25p	30/9/79	1.8	67.0	71.0	2.6
12.4	Meldrum Investment Trust	Ordinary 25p	30/9/79	2.4	71.3	71.3	0.2
	Gartmore Invest. (Scotland) Ltd.						
77.1	Scottish National Trust	Ordinary 25p	30/9/79	3.9	215.9	219.4	10.1
19.5	Glasgow Stockholders Trust	Ordinary 25p	30/9/79	2.85	155.4	159.3	8.0
	John Govett & Co. Ltd.						
‡89.0	Border & Southern Stckhldrs. Tst.	Ordinary 10p	28/9/79	—	88.7	88.2	3.6
13.5	General Stockholders Invest. Trust	Ordinary 12½p	28/9/79	2.3	165.4	177.0	9.7
16.7	Govett European Trust	Ordinary 25p	28/9/79	1.8	76.9	76.9	3.2
65.6	Lake View Investment Trust	Ordinary 25p	28/9/79	3.0	138.2	140.0	3.7
65.5	Stockholders Investment Trust	Ordinary 25p	28/9/79	2.35	138.1	143.9	6.3
	G.T. Management Ltd.						
21.5	Berry Trust	Ordinary 25p	30/9/79	1.0625	103.0	103.0	1.1
	Do. Do.	Conv. Loan 1993	30/9/79	£4.25	£149.40	£149.40	£1.58
‡23.4	G.T. Japan Investment Trust	Ordinary 25p	30/9/79	2.0	204.3	210.0	1.6
	Do. Do.	Conv. Loan 1987	30/9/79	£8.50	£126.70	£124.60	£1.00
‡8.9	Northern Securities Trust	Ordinary 25p	30/9/79	4.0	190.2	195.6	0.1
	Hambros Group						
‡26.6	Bishopsgate Trust	Ordinary 25p	28/9/79	6.85	297.3	307.2	8.0
5.1	City of Oxford Investment Trust	Ordinary 25p	28/9/79	3.85	113.0	116.3	—
‡54.1	Hambros Investment Trust	Ordinary 25p	28/9/79	4.1	163.7	174.0	5.8
6.8	Rosedimond Investment Trust	Cap. Shares 25p	28/9/79	—	142.0	142.0	0.5
	Henderson Administration Ltd.						
‡148.4	Witan Investment	Ord. & "B" Ord. 25p	28/9/79	2.85	132.4	137.4	6.1
‡23.0	Electric & General Investment	Ordinary 25p	28/9/79	§2.00	115.8	116.8	6.1
7.5	Greenfriar Investment	Ordinary 25p	28/9/79	1.65	149.5	149.5	6.2
‡7.0	Lowland Investment	Ordinary 25p	28/9/79	†	80.7	80.7	0.6
2.6	English National Investment	Prefd. Ord. 25p	28/9/79	2.02	37.6	38.6	—
	Do. Do.	Defd. Ord. 25p	28/9/79	3.18	75.3	79.3	—
	Philip Hill (Management) Ltd.						
22.3	City & International Trust	Ordinary 25p	30/9/79	†	144.9	149.8	3.1
12.2	General & Commercial Inv. Trust	Ordinary 25p	30/9/79	6.87	198.4	208.4	3.8
25.7	General Consolidated Inv. Trust	Ordinary 25p	30/9/79	4.25	123.8	126.6	2.4
141.1	Philip Hill Investment Trust	Ordinary 25p	30/9/79	4.57	129.3	131.2	1.8
6.1	Moorgate Investment Co.	Ordinary 25p	30/9/79	4.74	123.9	126.3	0.7
39.8	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	30/9/79	3.33	94.5	97.5	3.0
	Industrial & Commercial Fin. Corpn.						
12.5	London Atlantic Inv. Trust	Ordinary 25p	28/9/79	†	103.5	104.8	1.6
8.1	North British Canadian Inv. Co.	Ordinary 25p	30/9/79	3.55	119.6	119.6	0.3
	Ivory & Sime Limited						
57.2	Atlantic Assets Trust	Ordinary 25p	30/9/79	1.0	187.1	194.0	13.3
†	British Assets Trust	Ordinary 25p	30/9/79	†	†	†	†
40.9	Edinburgh American Assets Trust	Ordinary 25p	30/9/79	1.1	78.1	79.6	6.8
†	Viking Resources Trust	Ordinary 25p	30/9/79	†	†	†	†
	Keyser Ullmann Ltd.						
12.3	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	28/9/79	—	—	189.7	—
53.8	Throgmorton Trust	Ordinary 25p	28/9/79	4.875	118.2	120.1	—
	Kleinwort Benson Ltd.						
30.2	British American & General Trust	Ordinary 25p	30/9/79	§2.067	58.1	59.2	1.6
25.1	Brunner Investment Trust	Ordinary 25p	30/9/79	4.0	151.0	153.8	4.9
34.9	Charter Trust & Agency	Ordinary 25p	30/9/79	2.45	80.7	82.8	2.6
44.5	English & New York Trust	Ordinary 25p	30/9/79	3.5	107.3	108.9	3.7
5.5	Family Investment Trust	Ordinary 25p	30/9/79	4.6	124.2	124.2	0.1
3.5	Jos Holdings	Ordinary 25p	30/9/79	2.7	71.5	71.5	0.8
7.4	London Prudential Invest. Trust	Ordinary 25p	30/9/79	3.45	118.7	121.3	3.1
54.4	Merchants Trust	Ordinary 25p	30/9/79	3.25	101.4	104.8	4.1
	Lazard Bros. & Co. Ltd.						
‡52.0	Raeburn Investment Trust	Ordinary 25p	30/9/79	4.05	176.3	182.8	7.1
‡40.7	Romney Trust	Ordinary 25p	30/9/79	3.0	129.7	132.3	6.2
	Martin Currie & Co., C.A.						
†	Canadian & Foreign Invest. Trust	Ordinary 25p	30/9/79	†	†	†	†
20.6	St. Andrew Trust	Ordinary 25p	30/9/79	4.9	165.6	170.5	6.7
101.9	Scottish Eastern Investment Trust	Ordinary 25p	30/9/79	§2.9	89.8	92.8	4.7
†	Scottish Ontario Invest. Co.	Ordinary 25p	30/9/79	†	†	†	†
†	Securities Trust of Scotland	Ordinary 25p	30/9/79	†	†	†	†
	Murray Johnstone Ltd.						
50.0	Caledonian Trust	Ord. & "B" Ord. 25p	30/9/79	*2.1	109.4	112.9	6.9
73.5	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	30/9/79	*1.9	103.6	106.5	6.4
17.9	Glendevon Investment Trust	Ord. & "B" Ord. 25p	30/9/79	*2.1	136.1	139.5	7.9
74.3	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/9/79	*1.95	111.6	111.6	6.3
82.3	Scottish Western Investment Co.	Ord. & "B" Ord. 25p	30/9/79	*1.7	86.7	90.1	5.3
27.7	Murray Northern Invest. Trust	Ord. & "B" Ord. 25p	30/9/79	*ac1.5	ac80.2	ac82.6	ac5.3
	Schroder Wagg Group						
23.4	Ashdown Investment Trust	Ordinary 25p	28/9/79	4.6	200.8	207.5	10.2
	Do. Do.	Conv. Loan 1988/93	28/9/79	£4.75	£140.80	£145.20	£7.10
7.5	Australian & International Trust	Ordinary 50p	28/9/79	3.35	125.7	125.7	11.2
31.2	Broadstone Investment Trust	Ordinary 20p	28/9/79	5.7	211.7	219.1	11.6
54.9	Continental & Industrial Trust	Ordinary 25p	28/9/79	7.2	295.2	305.3	10.0
31.2	Trans-Oceanic Trust	Ordinary 25p	28/9/79	5.5	246.4	252.3	14.1
14.2	Westpool Investment Trust	Ordinary 25p	28/9/79	3.8	149.4	152.4	7.7
	Do. Do.	Conv. Loan 1989/94	28/9/79	£5.00	£134.50	£137.20	£6.90
	Stewart Fund Managers Ltd.						
80.4	Scottish American Investment Co.	Ordinary 50p	30/9/79	3.25	126.6	127.7	4.2
10.4	Scottish European Investment Co.	Ordinary 25p	30/9/79	1.6	58.1	58.1	0.7
	Touche Remnant & Co.						
115.3	Atlas Electric & General Trust	Ordinary 25p	28/9/79	2.25	93.3	96.3	1.9
34.2	Bankers' Investment Trust	Ordinary 25p	28/9/79	2.87	81.2	86.0	2.1
33.7	Cedar Investment Trust	Ordinary 25p	28/9/79	2.75	96.1	98.6	2.3
46.7	City of London Brewery	Deferred 25p	28/9/79	3.26	90.2	94.3	0.5
31.7	Continental Union Trust	Ordinary 25p	28/9/79	4.25	169.7	175.2	5.5
17.0	C.L.R.P. Investment Trust	Ordinary 25p	28/9/79	2.1	103.1	107.5	2.5
200.4	Industrial & General Trust	Ordinary 25p	28/9/79	2.15	83.0	85.3	2.1
42.8	International Investment Trust	Ordinary 25p	28/9/79	2.94	109.1	114.3	2.2
57.4	Sphere Investment Trust	Ordinary 25p	28/9/79	4.0	170.9	175.6	4.9
74.1	Trustees Corporation	Ordinary 25p	28/9/79	ac2.0	ac75.3	ac77.2	ac1.4
40.3	Trust Union	Ordinary 25p	28/9/79	2.1	82.7	84.9	1.8
	Williams & Glyn's Bank Ltd.						
‡12.2	Sizewell European Invest. Trust	Ordinary 10p	30/9/79	2.1	104.7	104.7	1.4
‡2.9	Atlanta Baltimore & Chicago	Ordinary 10p	30/9/79	0.75	69.2	69.2	3.1
‡3.6	West Coast & Texas Regional	Ordinary 10p	30/9/79	1.1	86.0	86.0	4.2
	VALUATION THREE-MONTHLY						
2.3	Lancashire & London Invest. Trust	Ordinary 25p	28/9/79	2.0	57.2	57.2	—
9.4	Oil & Associated Investment Trust	Ordinary 25p	30/9/79	2.42375	90.7	91.6	3.34
	Do. Do.	Conv. Loan 1988/93	30/9/79	£6.25	£204.10	£206.10	£7.50
19.2	River Plate & General Invest. Trust	Deferred 25p	28/9/79	7.0	235.4	240.2	4.1
119.7	Rothschild Investment Trust	Ordinary 50p	28/9/79	9.0	370.4	376.8	3.6
12.8	Safeguard Industrial Investments	Ordinary 25p	29/6/79	4.0	111.9	113.5	—
9.6	Scottish Mercantile Invest. Trust	Ord. & "A" Ord. 25p	28/9/79	3.36739	172.6	172.6	—
9.6	Scottish Cities Investment Trust	Ord. & "A" Ord. 25p	28/9/79	8.75	291.0	292.2	0.5
18.5	Yeoman Investment Trust	Ordinary 25p	30/9/79	8.625	276.9	280.7	4.6
	Do. Do.	Conv. Loan 1993	30/9/79	£4.50	£152.30	£154.40	£2.50
8.8	Young Companies Investment Trust	Ordinary £1	28/9/79	4.2	136.2	136.2	—
	East of Scotland Invest. Managers						
11.4	Dominion & General Trust	Ordinary 25p	31/8/79	9.0	246.6	256.3	8.1
30.1	Pentland Investment Trust	Ordinary 25p	31/8/79	5.0	161.1	165.5	5.3
	Rivermoor Managemt. Services Ltd.						
17.5	Moorside Trust	Ordinary 25p	28/9/79	5.225	137.0	140.8	1.9
34.8	River & Mercantile Trust	Ordinary 25p	28/9/79	9.5	258.2	267.5	2.7

AMENDMENT to table published 21st September, 1979
Valuation Three-Monthly: Drayton Consolidated Trust, Col. 6 should have read 187.1

* Applies to Ordinary/"A" Ordinary only. † Company will announce year-end or interim results shortly. ‡ Change in the prior charges since the previous published figure. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. x See note (h) below. Φ Not directly comparable with previous published figure. B Dependent on "B" share conversions.

(a) Cols. 1, 6, 7 Listed investments are valued at mid-market prices; unlisted at directors' valuation; both include 100 per cent of any investment currency premium after taking into account, where appropriate, the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

Platignum £0.12m lower but sees 1980 pick-up

TAXABLE profits of Platignum, formerly Mentmore Manufacturing Co., fell sharply from £216,389 to £96,789 in the six months to July 31, 1979, on sales 5.3 per cent higher at £4.67m, against £4.27m.

The directors of the writing instruments and plastic mouldings manufacturer say the results reflect the expected drop in profit margins despite increased turnover. But hopeful signs for 1980 are projected in the light of comprehensive product innovation, market diversification and material acquisition.

The net interim dividend is held at 0.1582875p—last year a total of 1.0119975p was paid from profits of £655,000 (£534,000). Half-year tax took £47,531 (£103,833).

Mr. Christopher Andrews, chairman, says that as expected, the home trade writing instrument market levelled off during the early part of 1979, in a price war with foreign competition. This is likely to continue for the rest of the year, with little or no sales growth beyond that achieved in the first half.

In the half-year, however, the export and plastics divisions' sales to overseas third parties rose by some 46.5 per cent to £627,153. The plastics division has also regained much of the ground lost during the previous year and is now trading profitably.

The new diversification lines launched for the Christmas period are selling well, Mr. Andrews continues, "and it is in this area that we believe we can expect considerable gains from next year onwards." Much effort has been spent in expanding the product portfolio during the past six months—both by innovation and acquisition—designed to expand the group's sales and lessen its dependence on the writing instrument market at home.

"Our recent acquisition of the Superfine Tapes Company," he adds, "is an example of our investment in the future."

● **comment**

It has been a difficult time for manufacturers of writing instruments and Platignum is a prime victim, suffering a 55.3 per cent fall in pre-tax profits. There are two reasons for this unhappy performance — raw material prices for the group's plastic products have risen by 40 per cent since February and there is stiff competition from abroad, particularly from Italian ball-point pen makers. The company is trying to fight back with a diversification programme (since the pen market is rather static), but benefits will not be obvious until next year. Analysts are looking for a drop to under £500,000 this year, possibly as far down as £400,000 pre-tax, indicating a fully taxed p/e of 18—a high rating. A maintained total dividend would yield a prospective 9.7 per cent at 15p, down 1½p.

Scottish Mortgage Tst.

Gross revenue of the Scottish Mortgage and Trust Co. fell from £3.82m to £3.69m for the six months to September 30, 1979. After expenses and interest, the pre-tax figure emerged down at £2.89m, compared with £3.05m.

However, after tax of £1.13m (£1.49m) and preference dividends, profits available for ordinary holders were £0.2m higher at £1.73m.

Earnings per 25p share rose 13 per cent from 2.12p to 2.39p and are expected to be around 5p for the full year. This will include 0.3p for payments declared but withheld during the period of dividend restraint, most of which will be received in the second half.

The net interim dividend is stepped up from 1.4p to 1.8p per share—the 1978-79 total was 3.9p on £4.96m pre-tax revenue.

Gross revenue comprised £1.75m (£1.43m) franked income, £1.08m (£1.61m) unfranked UK income, and £0.86m (£0.78m) unfranked from elsewhere. Management expenses and interest were up from £140,225 to £160,822, and from £638,156 to £644,912 respectively.

EPC profit up to £5.7m

Pre-tax revenue of English Property Corporation, which is controlled by Olympia and York Developments, of Canada, rose from £4.85m to £5.67m in the half-year to April 30, 1979.

The surplus was struck after interest of £17.5m, against £17.43m. Tax credit totals £60,000 (£150,000).

There is no interim dividend, compared with 1.25p last time.

BIDS AND DEALS

RIT bids for Hume Holdings

BY JAMES BARTHOLOMEW

Rothschild Investment Trust yesterday launched a bid for Hume Holdings, an investment trust in which RIT already had a 27.4 per cent stake. But before deciding to buy Hume, RIT aimed at selling it instead.

The institutions did not buy RIT's stake in Hume because the discount to net asset value is smaller than that of most investment trusts due to the high yield. So instead RIT decided to buy Hume and probably intends to change the portfolio to fit in with its own investment aims.

The Hume investment policy has been to stabilise the trust and maximise income since the arrival of Mr. Kenneth Dick about five years ago. Before Mr. Dick took over, Hume was in some difficulties due to some investments in banking, property and Australia. RIT bought its stake when Hume was embarrassed by these difficulties and the shares were down at 50p. The portfolio now consists mainly of gilts and blue chip shares.

Having benefited from the recovery at Hume, RIT is now though to regard Hume as a relatively dull investment and if RIT gains control, it is expected to bring Hume's policy into line with its own. Rothschild's policy in recent years has been to buy fairly large stakes in special situations. It has favoured investments which have strong asset backing like plantations and property. Only on Tuesday it announced the purchase of a stake in Savoy Group which has a low yield but high asset backing. And it also has investments in service industries such as Godfrey Davis, the car hire company and Leslie and Godwin, the insurance broker.

RIT bought 3,775,000 "A" shares yesterday at 94½p bringing its stake up to 33.5 per cent of the total issued capital. In accordance with the Take-over Code it announced that it would bid for the rest of the company at the same price. But later in the day RIT was able to pick up a further 1m shares bringing its stake up 42.6 per cent.

RIT is not thought to be very concerned about whether it acquires 51 per cent or 100 per cent. The important thing for RIT is to obtain control and change the investment policy.

CAMBRIDGE INSTRUMENT

Cambridge Instrument Company, in which Dr. Terry Gooding's Gladecrown is taking a majority stake, loss £890,000 before tax in the first two months of its current year.

This follows a loss of £3.2m before tax and extraordinary items in the year to June 30, 1979. The information is contained in the formal document setting out the details of the transfer of ownership.

Despite rationalisation steps in the company, the group's largest business, electron microscopes, was making heavy losses in the last financial year, "with no reasonable prospects of coming into adequate profit in the near future."

Japanese and American competition has intensified and the strengthening of the pound against the dollar has given the company's chief competitors a considerable price advantage. Other group businesses are less vulnerable to the strong pound, but have been unable to make up for the microscope losses, the company says.

It was against this background that the company decided that further rationalisation of the microscope business was necessary. The National Enterprise Board, Cambridge's majority shareholders, has underwritten a £6.5m rights issue by the company, and this money will be used to settle its bank debt and repay a £500,000 NEB loan.

GRESHAM HOUSE SUSPENDED

Shares in Gresham House Estate, the investment trust, were suspended yesterday at 145p, a 3p rise. This values the company at just under £6m.

In its last accounts, for the year to the end of 1978, Gresham's auditors noted a list of accounting practices which did not conform with accounting standards. They were also unable to confirm a property valuation.

Interim figures for the six months to June have not yet been published. Last year's profits were £451,000 (£433,000).

CHARLES HURST TALKS OFF

The directors of Charles Hurst, the Belfast motor distributor, announce that recent discussions which have been taking place, have not led to an offer being made to acquire the shares of the company.

These discussions have now been discontinued, and the company requests that its shares be relisted for dealing.

SHARE STAKES

KCA International: Perelle Nominees has purchased 255,276 10 per cent cumulative second preference shares (28.54 per cent) and 25,000 6 per cent cumulative first preference shares (6.59 per cent). These shares were formerly held by Cotham Finance.

Shaw and Marvin:—On October 15, Buckland Securities—controlled by Mr. C. A. Gooch chairman of Shaw and Marvin acquired a further 55,000 shares making total holding 215,000 (14.33 per cent).

Federated Land and Building:—Mr. J. H. P. Meyer, director, has disposed of 100,400 ordinary reducing his holding to 2,950,000 ordinary (27.8 per cent).

Johnson, Matthey and Company — Johannesburg ...Consolidated Investment Company no longer has interest in the Company. De Beers Holdings (Pty), Johannesburg has finalised arrangements whereby it will become the beneficial owners of 12,211,560 (23 per cent) ordinary.

Hopkinsons Holdings—Britannic Assurance now holds a total of 700,000 ordinary (6.25 per cent).

Arthur Guinness Son and Company—Mr. I. S. S. Ferris has disposed of 27,357 ordinary reducing his holding to 5,574,975 (6.3 per cent). The Earl of Iveagh, director, has disposed of, as trustee of the Lady Henrietta Guinness 1965 settlement, 27,357 ordinary reducing holding to 2,184,447 (5.66 per cent). Mr. C. Parsons held 3,300 ordinary, as trustee, on his appointment as a director. The Marquess of Dufferin and Ava had an interest in 2,669,490 ordinary on appointment as director. The Hon. Simon Lennox-Boyx had an interest in 1,270,729 ordinary on appointment as director.

West of England starts well

The investment services business of West of England Trust has started well in the current year and the company looks forward to the future with confidence says Mr. Ernest Harbottle, the chairman.

The considerable growth in business activity for the company's legal financial services in 1978-79 should be reflected in increasing turnover and profits in the current 12 months. Also projects are in hand on the commercial and industrial investment side, the benefits of which should accrue over the next two or three years Mr. Harbottle adds

For the year to June 30, 1979, operating profits reached £1.7m (£1.31m) with £1.02m (£961,000) coming from investment services, £248,000 (£246,000) from legal and financial services and £432,000 (£105,000) from commercial and industrial interests.

As reported September 14, taxable profit rose from £566,000 to £1.32m and the net dividend is raised to 2.5p (1.5317p).

Advances to customers at the year-end stood at £1.02m (£813,000) and cash was up from £3.99m to £5.71m, while customers' current and deposit accounts amounted to £3.22m (£3.17m) and £649,000 (£332,000) was due to bankers.

Net liquidity improved by £1.96m (£32,000).

Investment conditions were generally stable during the year. As a result of this and the strength of the division, a record level of business was attained by the trust's investment services. Here there was steady development of overseas business which again provided a good contribution to profits. Overseas expansion continued with the setting up of bases in Nassau and Hong Kong.

The results by legal and financial services were seriously affected by the two-month closure of the Companies Registry. Further expansion, both organically and by acquisitions, is intended for this division where a steady growth in turnover and profit is expected, the chairman says.

Commercial investments made a substantial contribution to earnings during the year. Currently Woodberry Chilcott, steel stockholder, is engaged in a three-year programme of renewal and development of its facilities and organisation.

Meeting, Bristol, on November 7, at noon.

Rise in house prices slowing, says Abbey

By Andrew Taylor

FURTHER INDICATIONS that the rate of house price increases is slowing come in surveys by the Abbey National Building Society and Bernard Thorpe, the estate agents.

Bernard Thorpe expects house prices to steady until next Spring at least and "in London there could even be a fall in some residential prices before the Spring."

The estate agent in its quarterly survey say "with mortgage delays of four to five months at some building societies buyers must tap other sources for their loans.

"Before long we could well be following the system in some European countries of loans from several sources making up the amount required. The loan linked to an insurance endowment policy could also be becoming a more common occurence."

Figures produced by Abbey National also point to a more stable outlook for house prices. The building society say: "while house prices have continued to rise at a rapid rate there are indications that the rate of increase is slowing down with the annual rate dropping slightly to 32 per cent."

The Abbey figures show that the average price of a home rose by 8 per cent to almost £23,000 during the third quarter of this year.

It says: "Although further rises will occur in the fourth quarter, it is anticipated that the low quarterly figure in the Greater London Council area of 6.6 per cent is a forerunner for a general slowing down in the rate of increase."

The building society's survey showed that the highest rate of increases in the third quarter were in Wales, 14.3 per cent, and in the West Midlands, 12.3 per cent.

Christmas post dates

CHRISTMAS parcels and packets going by ship to Argentina, Belize, Bermuda, Brazil, Chile, Guyana, Mexico, Peru, Uruguay, Bahamas, Barbados, Jamaica, Trinidad and Tobago should be posted by October 22.

Surface letters and cards to these destinations should be posted by next Wednesday. All surface mail for BFPO 75 should be in the post by October 30 and for BFPO 162 by November 3

Depopulation ending in rural North Devon

By James McDonald

RURAL DEPOPULATION may be ending according to a detailed study of a small market town in north Devon.

The study of Hatherleigh, in one of the most sparsely populated areas of the county, north of Dartmoor, shows the town's population has increased substantially in the past eight years with many people of working age moving in.

The study—for Devon County Council—is called Rural Recovery: Has it Begun? by Anne Glyn-Jones, a research fellow in the department of geography at Exeter University.

During her talks with families who moved into the town and those who were remaining, Miss Glyn-Jones said one theme predominated—their affection for a way of life and a set of values they were defending against prevailing trends.

One family spoke of escaping the "absolute rat race of London." Another came to avoid bureaucracy.

"Rural Recovery: Has it Begun?" by Anne Glyn-Jones, Planning Department, County Hall, Exeter and the publications department, University of Exeter, £2.50.

More women seek drink cure

MORE WOMEN are seeking help with drink problems, says a report by Alcoholics Anonymous, the self-help organisation. Women accounted for nearly four out of 10 of new members in the last three years.

One-third of AA members is female, compared with one-fifth at the last survey in 1972, and the proportion of women is steadily increasing, says the report.

BANK RETURN

	Wednesday Oct. 17 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	25,845,834	+ 2,744,938
Special Deposits	778,740,000	+ 6,805,000
Bankers Deposits	409,341,785	— 68,872,494
Reserves & other Accounts	672,993,397	+ 18,131,627
	1,901,474,014	— 41,190,929
ASSETS		
Government Securities	1,333,380,471	— 112,130,000
Advances & Other Accounts	180,649,711	+ 34,282,731
Premises Equipment & Other Secs.	359,437,206	+ 13,640,983
Notes	27,809,586	+ 23,031,703
Coin	197,040	— 6,346
	1,901,474,014	— 41,190,929
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,650,000,000	—
In Circulation	1,622,190,414	— 23,031,702
In Banking Department	27,809,586	+ 23,031,703
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,600,974,835	+ 18,050,718
Other Securities	1,038,010,065	— 18,050,718
	9,650,000,000	—

هكذا من الأصل

Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Orange Free State

Reports of the directors for the quarter ended 30th September, 1979

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 19 440 000 shares of 50 cents each

	Quarter ended Sept. 1979	Quarter ended June 1979	Year ended Sept. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	137	152	581
Tons milled 000's	785	785	3 131
Yield—g/t	11.87	12.57	12.30
Production—kg	9 403	9 916	38 202
Cost—R/ca mined	187.67	187.19	171.90
—R/ton milled	32.77	32.21	31.80
—R/kg produced	2 757	2 562	2 614
Joint Metallurgical Scheme (See summary)			
Slimes delivered Tons 000's	641	668	2 542
Head grade gold—g/t	0.50	0.45	0.46
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent	1.01	1.05	1.02
PRICE RECEIVED ON SALES			
Gold—R/kg	8 167	7 022	6 978
—$/oz	306	259	252
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	78 455	69 585	265 931
—Costs	25 736	25 413	99 876
—Profit	52 720	43 875	166 055
Joint Metallurgical Scheme profit	2 138	2 135	3 343
Net sundry income	1 299	1 425	8 258
Profit before taxation and State's share of profit	57 157	46 341	177 656
Provision for taxation and State's share of profit	28 296	21 804	81 454
Profit after taxation and State's share of profit	28 861	24 537	96 202
Deduct:			
Appropriation and transfer: Capital expenditure (after taking account of consumer loans)			48 960
Loan levies—net			2 394
Dividend—interim			19 514
—final			24 534
Retained profit for the year			1 000
Capital expenditure: —mine	14 136	11 447	46 757
—Joint Metallurgical Scheme	877	611	4 151
Loan levies—estimated	1 632	1 257	4 892
SHAFT SINKING			
No. 5 main shaft	metres	metres	metres
Advance	82.8	141.1	375.0
Depth to date	1 414.3	1 328.3	1 414.3
Station cutting	472.0	397.0	1 079.1
No. 5 ventilation shaft			
Advance	187.5	180.3	1 003.3
Depth to date	1 735.2	1 547.7	1 735.2
Station cutting	370.2	477.7	1 471.2

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	2 750	198	21.4	49.16	1 052	0.31	6.55
No. 2	2 156	274	11.3	104.86	1 185	0.59	7.69
No. 3	3 589	215	16.6	44.40	737	0.80	13.24
No. 4	740	146	50.4	145.75	7 346	0.33	16.88
No. 6	2 341	212	28.0	16.21	454	0.32	8.89
No. 9	3 041	174	7.8	135.79	1 067	2.73	21.33
Pollipol No. 414 tribute area	188	12	45.7	12.06	551	0.24	10.76
Quarter ended September 1979	16 009	1 262	21.4	76.54	1 638	0.56	12.01
Quarter ended June 1979	14 882	1 044	30.0	75.33	2 290	0.45	13.56
Year ended September 1979	58 979	4 652	28.7	75.83	2 205	0.46	13.30
Leader reef							
No. 1	123	66	61.4	8.88	545	0.37	22.75
No. 4	416	238	150.0	2.59	388	0.15	22.32
No. 7	Nil	14	115.0	0.55	63	0.03	3.45
No. 9	41	20	89.4	1.24	111	0.07	6.55
Quarter ended September 1979	580	378	128.3	5.24	672	0.20	25.23
Quarter ended June 1979	331	82	113.0	8.28	936	0.31	35.07
Year ended September 1979	1 434	484	119.5	5.89	704	0.24	28.61
"A" reef No. 7	543	182	160.8	2.97	477	0.04	7.21
No. 9	22						
Quarter ended September 1979	565	182	160.8	2.97	477	0.04	7.21
Quarter ended June 1979	1 035	324	156.7	3.76	515	0.04	5.47
Year ended September 1979	3 199	932	149.7	4.01	600	0.04	5.49
Shaft area Elsburg reef No. 1							
Quarter ended September 1979	21	6	163.3	0.17	27	0.01	0.90
Quarter ended June 1979	27	—	—	—	—	—	—
Year ended September 1979	147	108	202.3	0.92	187	0.02	3.11

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
June 30 1979 ..	R6 810	7 749 000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	R7 220	8 195 000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	R7 630	8 651 000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June 30 1978 ..	R4 610	7 423 000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	R5 030	7 858 000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	R5 450	8 220 000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEVELOPMENT

A proportionate increase in development in the lower grade northern area and a reduction in the values encountered in the south has lowered the overall basal reef values for the quarter.

DIVIDENDS

Details of the dividends declared in respect of the year ended September 30, 1979 are as follows:

	Dividend No. 44 (Interim)	Dividend No. 45 (Final)
Declared	April 19 1979	October 18 1979
A share	185 cents	235 cents
Payable to shareholders registered	May 4 1979	November 2 1979
Payment date	June 8 1979	December 7 1979

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at September 30 1979 totalled R11 821 000 of which R668 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. LANGTON
G. S. YOUNG } Directors

October 19 1979

PRESIDENT STEYN

President Steyn Gold Mining Company Limited and its wholly-owned subsidiary, Video Mining Company Limited

ISSUED CAPITAL: 14 566 400 shares of 50 cents each

	Quarter ended Sept. 1979	Quarter ended June 1979	Year ended Sept. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	183	174	689
Tons milled 000's	972	983	3 575
Yield—g/t	6.56	7.35	7.11
Production—kg	6 374	6 710	25 425
Cost—R/ca mined	148.57	146.37	145.13
—R/ton milled	27.97	27.22	28.16
—R/kg produced	4 266	3 703	3 960
Joint Metallurgical Scheme (See summary)			
Slimes delivered Tons 000's	1 214	1 347	5 895
Head grade gold—g/t	0.49	0.70	0.58
uranium—kg/t	0.12	0.11	0.11
sulphur—per cent	0.86	0.84	0.83
PRICE RECEIVED ON SALES			
Gold—R/kg	8 392	7 016	7 028
—$/oz	314	258	259
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	55 164	46 365	183 634
—Costs	27 189	24 848	100 683
—Profit	28 975	23 655	82 841
Joint Metallurgical Scheme profit	3 836	2 877	6 819
Net sundry income	2 285	1 274	6 857
Profit before taxation and State's share of profit	35 096	27 866	96 317
Provision for taxation and State's share of profit	15 072	11 256	41 368
Profit after taxation and State's share of profit	20 023	16 610	54 949
Deduct:			
Appropriation and transfer: Capital expenditure (after taking account of consumer loans)			26 780
Loan levies—net			1 755
Dividend—interim			9 468
—final			17 116
Reduction in retained profit carried forward			(170)
Capital expenditure: —mine	9 866	7 393	33 150
—Joint Metallurgical Scheme	494	497	1 255
Loan levies—estimated	1 175	879	3 229
SHAFT SINKING			
No. 4 sub-vertical shaft system	metres	metres	metres
Advance	8.0	82.3	139.0
Depth to date	1 887.4	1 879.4	1 887.4
Station cutting	434.2	342.0	1 185.1

* In order to capitalise on the surplus mill capacity currently existing at President Steyn, President Brand Gold Mining Company Limited sent 7 700 tons of ore to President Steyn for milling and treatment during the current quarter.

PRESIDENT STEYN—*Continued*

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	1 552	94	29.3	92.56	1 879	1.25	36.35
No. 2	1 040	378	37.3	39.36	1 476	0.33	19.78
No. 4	3 855	522	99.0	14.43	1 429	0.11	11.02
Video lease area	1 156	134	86.3	21.09	1 820	0.07	5.88
Quarter ended September 1979	8 183	1 128	70.3	21.75	1 529	0.21	14.54
Quarter ended June 1979	7 910	1 602	56.9	30.40	1 730	0.21	12.15
Year ended September 1979	30 879	4 770	53.6	31.90	1 710	0.25	13.34
Leader reef							
No. 1	881	440	168.3	3.21	534	0.20	33.80
No. 2	256	286	100.5	5.33	536	0.28	27.92
Video lease area	59	44	89.3	6.57	587	0.12	10.94
Quarter ended September 1979	1 198	770	137.6	3.91	538	0.22	30.31
Quarter ended June 1979	1 120	700	152.2	4.35	662	0.19	29.07
Year ended September 1979	3 813	2 542	138.1	4.45	615	0.22	30.85
No. 1	254	144	93.3	6.45	602	0.22	20.92
No. 2	223	62	39.8	27.17	1 084	0.64	25.38
Quarter ended September 1979	477	206	77.2	9.66	747	0.29	22.26
Quarter ended June 1979	515	248	62.0	24.66	1 529	0.47	28.95
Year ended September 1979	1 471	756	89.2	12.33	1 100	0.29	25.43
Area under tribute by President Brand (not included above) Basal reef							
Quarter ended September 1979	309	40	20.5	195.07	3 999	1.81	37.09
Quarter ended June 1979	322	108	19.7	169.95	3 348	1.04	20.55
Year ended September 1979	1 563	260	16.7	203.89	3 405	1.48	24.64

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
June 30 1979 ..	R6 810	12 632 000	152.4	10.64	1 622	0.10	15.67
	R7 220	13 136 000	153.4	10.40	1 595	0.10	15.85
	R7 630	13 576 000	154.0	10.20	1 571	0.10	15.86
June 30 1978 ..	R4 610	10 031 000	126.1	12.91	1 628	0.12	15.62
	R5 030	10 678 000	127.8	12.49	1 596	0.12	15.55
	R5 450	11 533 000	129.8	11.96	1 552	0.12	15.83

The ore reserves include the Video lease area.

DIVIDENDS

Details of the dividends declared in respect of the year ended September 30 1979 are as follows:

	Dividend No. 48 (Interim)	Dividend No. 49 (Final)
Declared	April 19 1979	October 18 1979
A share	65 cents	117.5 cents
Payable to shareholders registered	May 4 1979	November 2 1979
Payment date	June 8 1979	December 7 1979

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at September 30 1979 totalled R4 598 000 of which R388 000 was in respect of the metallurgical complex.

For and on behalf of the board
D. A. ETHEREDGE
G. S. YOUNG } Directors

October 19 1979

WELKOM

Welkom Gold Mining Company Limited

ISSUED CAPITAL: 12 250 000 shares of 50 cents each

	Quarter ended Sept. 1979	Quarter ended June 1979	Year ended Sept. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	128	126	491
Tons milled 000's	558	552	2 178
Yield—g/t	5.68	5.77	5.77
Production—kg	3 083	3 212	12 569
Cost—R/ca mined	123.67	117.71	119.45
—R/ton milled	27.85	26.94	26.93
—R/kg produced	5 042	4 630	4 666
Joint Metallurgical Scheme (See summary)			
Slimes delivered Tons 000's	333	249	519
Head grade gold—g/t	0.67	0.66	0.67
uranium—kg/t	0.21	0.20	0.21
sulphur—per cent	0.41	0.40	0.40
PRICE RECEIVED ON SALES			
Gold—R/kg	8 398	7 028	6 980
—$/oz	314	259	256
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	26 949	22 794	89 582
—Costs	15 543	14 870	58 648
—Profit	11 406	7 924	30 934
Joint Metallurgical Scheme profit	2 485	423	2 930
Net sundry income	506	462	2 211
Profit before taxation and State's share of profit	14 397	8 806	36 075
Provision for taxation and State's share of profit	7 099	4 262	16 382
Profit after taxation and State's share of profit	7 298	4 544	19 693
Deduct:			
Appropriation: Capital expenditure (after taking account of consumer loans)			5 852
Loan levies—net			—
Dividend—interim			5 206
—final			8 268
Retained profit for the year			367
Capital expenditure: —mine	2 608	1 295	5 125
—Joint Metallurgical Scheme	75	12	804
Loan levies—estimated	331	320	1 233

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	1 574	296	11.9	47.71	563	0.87	10.30
No. 2	1 231	146	28.3	40.42	1 144	0.73	19.30
No. 3	802	60	8.9	96.85	862	0.81	7.19
Quarter ended September 1979	3 607	696	18.6	44.76	833	0.78	14.43
Quarter ended June 1979	3 082	634	20.2	33.61	679	0.61	12.25
Year ended September 1979	12 224	2 122	18.4	44.46	818	0.67	12.27
"B" reef No. 2							
Quarter ended September 1979	104	96	97.7	1.53	151	0.11	10.73
Quarter ended June 1979	110	112	93.4	1.45	135	0.05	5.11
Year ended September 1979	342	312	115.8	1.30	150	0.06	6.51
Leader reef							
No. 2	146	98	38.7	19.42	751	0.98	37.79
No. 3	312	214	150.0	2.42	450	0.22	33.71
Quarter ended September 1979	658	312	118.1	4.67	551	0.30	35.00
Quarter ended June 1979	803	396	125.4	4.11	516	0.26	32.51
Year ended September 1979	2 539	1 396	125.2	3.83	479	0.23	28.22
Intermediate reef No. 2							
Quarter ended September 1979	138	70	271.5	0.59	159	0.17	44.84
Quarter ended June 1979	139	72	156.7	0.96	151	0.29	45.86
Year ended September 1979	701	476	136.3	1.06	144	0.29	40.19

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
June 30 1979 ..	R6 810	5 208 000	125.1	9.96	1 246	0.12	15.11
	R7 220	5 689 000	125.9	9.61	1 210	0.12	14.87
	R7 630	6 093 000	126.4	9.27	1 173	0.12	14.65
June 30 1978 ..	R4 610	4 462 000	118.1	11.72	1 323	0.13	15.23
	R5 030	5 017 000	119.4	11.07	1 323	0.13	15.73
	R5 450	5 326 000	120.1	10.53	1 265	0.13	15.33

DIVIDENDS

Details of the dividends declared in respect of the year ended September 30 1979 are as follows:

	Dividend No. 44 (Interim)	Dividend No. 45 (Final)
Declared	April 19 1979	October 18 1979
A share	42.5 cents	57.5 cents
Payable to shareholders registered	May 4 1979	November 2 1979
Payment date	June 8 1979	December 7 1979

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at September 30 1979 totalled R658 000 of which R10 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. Y. NISBET
G. S. YOUNG } Directors

October 19 1979

JOINT METALLURGICAL SCHEME

SUMMARY

		Quarter ended Sept. 1979	Quarter ended June 1979	Year ended Sept. 1979
(i)	Pyrite flotation plants slimes treated—tons	4 450 000	4 326 000	17 565 000
(ii)	Uranium plant slimes treated—tons	645 000	715 000	2 591 000
	concentrate treated—tons	58 000	107 000	407 000
	uranium oxide produced—kg	156 681	158 718	696 101
(iii)	Acid plant acid produced—tons	81 275	81 708	273 409
(iv)	Gold plant calcine treated—tons	51 275	65 599	256 103
	gold produced—kg	419	582	1 773
(v)	Profit—estimated	R22 466 000	R14 157 000	R48 630 000

NOTE: The President Brand acid plant was shut down for four weeks during the quarter for annual inspection and maintenance.

PRESIDENT BRAND

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 UNITS OF STOCK OF 50 CENTS EACH

	Quarter ended Sept. 1979	Quarter ended June 1979	Year ended Sept. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	159	154	610
*Tons milled 000's	848	807	3 218
Yield—g/t	9.00	9.29	9.41
Production—kg	7 635	7 495	30 282
Cost—R/ca mined	151.09	149.81	148.48
—R/ton milled	28.33	28.59	28.15
—R/kg produced	3 146	3 078	2 991
Joint Metallurgical Scheme (See summary)			
Slimes delivered Tons 000's	916	768	2 512
Head grade gold—g/t	0.39	0.39	0.39
uranium—kg/t	0.08	0.08	0.08
sulphur—per cent	1.03	0.98	1.05
PRICE RECEIVED ON SALES			
Gold—R/kg	8 279	6 995	6 881
—$/oz	309	258	253
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	64 824	51 889	212 396
—Costs	24 023	23 071	90 574
—Profit	40 801	28 818	121 822
Joint Metallurgical Scheme profit	2 643	2 723	10 382
Net sundry expenditure	1 144	764	2 555
Profit before taxation and State's share of profit	42 300	30 777	129 649
Provision for taxation and State's share of profit	7 153	3 035	29 975
Profit after taxation and State's share of profit	35 147	27 742	99 674
Deduct:			
Appropriation and transfer: Capital expenditure (after taking account of consumer loans)			56 948
Loan levies—net			16 146
Dividend—interim			25 272
—final			
Retained profit for the year			1 308
Capital expenditure: —mine	4 073	4 713	15 110
—Joint Metallurgical Scheme	20 636	18 117	54 567
Loan levies—estimated	555	245	2 350
CONSOLIDATED PROFIT			
Consolidated profit after taxation and State's share of profit of the company and its subsidiary, Free State Saaiplaas Gold Mining Company Limited—after allowing for minority shareholders' interest	41 389	31 469	112 005
*Includes tonnage treated by Free State Saaiplaas	—	59 100	291 700

* In order to capitalise on the surplus mill capacity currently existing at President Steyn Gold Mining Company Limited this company sent 7 700 tons of ore to President Steyn for milling and treatment during the current quarter.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	197	6	45.3	99.29	4 498	1.50	68.03
No. 2	2 925	192	53.4	41.93	2 239	0.19	9.90
No. 3	1 295	104	13.6	126.03	1 714	1.69	22.99
No. 4	4 047	432	136.1	18.46	2 513	0.04	5.78
Quarter ended September 1979	8 464	734	96.4	24.33	2 345	0.10	9.80
Quarter ended June 1979	8 032	860	87.4	28.41	2 483	0.11	9.81
Year ended September 1979	31 991	3 018	92.7	22.89	2 122	0.10	9.70
Leader reef							
No. 1	811	380	125.1	5.90	738	0.21	26.31
No. 2	67	4	58.5	6.48	379	0.15	8.68
No. 3	1 443	518	105.7	4.95	523	0.24	25.08
Quarter ended September 1979	2 321	902	113.7	5.39	613	0.22	25.53
Quarter ended June 1979	2 294	698	124.5	5.98	744	0.22	27.41
Year ended September 1979	8 768	3 216	119.6	5.61	671	0.24	28.64
In addition, area under tribute from President Steyn Basal reef							
Quarter ended September 1979	309	40	20.5	195.07	3 999	1.81	37.09
Quarter ended June 1979	322	108	19.7	169.95	3 348	1.04	20.55
Year ended September 1979	1 563	260	16.7	203.89	3 405	1.48	24.64

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
June 30 1979 ..	R6 810	9 037 000	151.2	13.62	2 060	0.09	14.02
	R7 220	9 360 000	151.2	13.33	2 015	0.09	14.02
	R7 630	9 588 000	150.7	13.13	1 979	0.09	14.03
June 30 1978 ..	R4 610	7 971 000	151.0	14.94	2 256	0.09	13.41
	R5 030	8 322 000	150.8	14.56	2 195	0.09	13.51
	R5 450	9 060 000	151.8	13.80	2 095	0.09	13.66

DIVIDENDS

Details of the dividends declared in respect of the year ended September 30 1979 are as follows:

	Dividend No. 48 (Interim)	Dividend No. 49 (Final)
Declared	April 19 1979	October 18 1979
A unit of stock	115 cents	180 cents
Payable to stockholders registered	May 4 1979	November 2 1979
Payment date	June 8 1979	December 7 1979

PROPOSED NO. 5 SHAFT

Attention is drawn to the announcement published today concerning the decision to proceed with the sinking of a new shaft in the south-western corner of the company's lease area.

FREE STATE SAAIPLAAS NO. 3 SHAFT FINANCING

Total loan facilities of up to R30 million have been granted to Free State Saaiplaas Gold Mining Company Limited equally by President Brand and Anglo American Corporation of South Africa Limited until June 30 1980, as referred to in a joint announcement by the company and Free State Saaiplaas published today.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at September 30 1979 totalled R27 508 000 of which R18 838 000 was in respect of the metallurgical complex.

For and on behalf of the board
D. A. ETHEREDGE
G. S. YOUNG } Directors

October 19 1979

FREE STATE SAAIPLAAS

Free State Saaiplaas Gold Mining Company Limited

ISSUED CAPITAL: 28 100 000 shares of R1 each

	Quarter ended Sept. 1979	Quarter ended June 1979	Year ended Sept. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	72	68	257
Tons milled 000's	327	324	1 273
Yield—g/t	3.41	3.39	3.44
Production—kg	1 116	1 099	4 376
Cost—R/ca mined	112.76	112.78	118.01
—R/ton milled	24.83	23.67	23.82
—R/kg produced	7 275	6 978	6 931
Joint Metallurgical Scheme (See summary)			
Slimes delivered Tons 000's	412	466	2 066
Head grade gold—g/t	0.38	0.37	0.37
uranium—kg/t	0.21	0.24	0.23
sulphur—per cent	0.76	0.73	0.74
PRICE RECEIVED ON SALES			
Gold—R/kg	8 460	7 040	6 986
—$/oz	317	259	256
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	9 732	7 868	31 201
—Costs	8 119	7 669	30 328
—Profit	1 613	199	873
Joint Metallurgical Scheme profit	10 491	6 871	21 823
Net sundry income	369	378	1 946
Profit before taxation and State's share of profit	12 473	7 448	24 642
Provision for taxation and State's share of profit	—	—	—
Profit after taxation and State's share of profit	12 473	7 448	24 642
Capital expenditure —mine	12 370	9 304	33 040
—Joint Metallurgical Scheme	10	18	87
Tonnage treated for President Brand	—	59 100	291 700

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 2	1 102	186	122.7	8.17	1 003	0.34	41.81
No. 3	1 264	242	137.1	4.13	566	0.15	21.01
Quarter ended September 1979	3 456	428	130.8	5.78	756	0.23	30.86
Quarter ended June 1979	2 171	270	118.3	4.61	545	0.10	11.73
Year ended September 1979	7 950	1 114	100.2	6.51	782	0.24	29.13
Leader reef No. 2							
Quarter ended September 1979	744	278	142.5	3.21	457	0.20	28.42
Quarter ended June 1979	779	144	116.3	1.87	218	0.11	12.86

FREE STATE SAAIPLAAS—*Continued*

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Year ended September 1979	2 625	576	120.6	3.05	395	0.17	32.49
'A' reef No. 3							
Quarter ended September 1979	17	8	257.3	0.65	167	0.03	7.46
Quarter ended June 1979	49	14	102.0	1.79	183	0.04	4.48
Year ended September 1979	66	22	158.5	1.12	177	0.03	5.54
'B' reef No. 2							
Quarter ended September 1979	80	84	213.8	0.70	150	0.04	8.95
Quarter ended June 1979	86	58	148.2	0.14	21	0.02	2.81
Year ended September 1979	203	170	175.2	0.55	97	0.03	5.52

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
June 30 1979 ..	R6 810	1 644 000	125.5	6.46	811	0.25	31.15
	R7 220	1 756 000	126.0	6.33	797	0.24	30.52
	R7 630	1 997 000	127.1	6.06	770	0.23	29.33
June 30 1978 ..	R4 610	1 184 000	127.3	7.27	925	0.26	33.38
	R5 030	1 431 000	127.2	6.97	886	0.25	31.38
	R5 450	1 655 000	125.9	6.71	845	0.24	30.18

DIVIDEND

The directors of Free State Saaiplaas have decided that no dividend will be paid by the company for the financial year ended September 30 1979 because all available cash resources are to be utilised for the financing of the new No. 3 shaft system.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at September 30 1979 totalled R28 005 000 of which R114 000 was in respect of the metallurgical complex.

NO. 3 SHAFT FINANCING

Total loan facilities of up to R30 million have been granted to the company equally by President Brand Gold Mining Company Limited and Anglo American Corporation of South Africa Limited until June 30 1980, as referred to in a joint announcement by the company and President Brand published today.

For and on behalf of the board
D. A. ETHEREDGE
G. S. YOUNG } Directors

October 19 1979

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 7 496 376 shares of 50 cents each

	Quarter ended Sept. 1979	Quarter ended June 1979	Year ended Sept. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	167	158	631
Tons milled 000's	830	790	3 154
Yield—g/t	9.87	10.44	9.91
Production—kg	8 194	8 247	31 265
Cost—R/ca mined	125.86	125.10	125.17
—R/ton milled	25.32	25.02	25.04
—R/kg produced	2 565	2 397	2 526
Joint Metallurgical Scheme (See summary)			
Slimes delivered Tons 000's	1 014	1 026	4 032
Head grade gold—g/t	0.46	0.45	0.46
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent	1.09	1.07	1.07
PRICE RECEIVED ON SALES			
Gold—R/kg	8 290	7 023	6 978
—$/oz	310	259	256
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	70 460	58 481	222 995
—Costs	21 020	19 766	78 984
—Profit	49 440	38 715	144 011
Joint Metallurgical Scheme profit	875	528	1 343
Net sundry income	3 017	1 824	8 489
Profit before taxation and State's share of profit	53 332	41 067	153 843
Provision for taxation and State's share of profit	33 767	24 811	92 375
Profit after taxation and State's share of profit	19 565	16 256	61 468
Deduct:			
Appropriation and transfer: Capital expenditure (after taking account of consumer loans)			10 453
Loan levies—net			2 483
Dividends—interim			20 240
—final			28 111
Retained profit for the year			R181
Capital expenditure: —mine	2 852	1 727	8 215
—Joint Metallurgical Scheme	345	931	2 169
Loan levies—estimated	1 840	1 399	5 278

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	1 835	70	10.0	355.20	3 552	1.59	15.90
No. 2	1 454	30	41.6	101.32	4 215	0.25	10.22
No. 3	2 530	372	43.2	20.49	885	0.33	14.43
No. 4	2 058	322	7.6	271.45	2 063	3.22	24.41
Quarter ended September 1979	7 877	794	25.8	66.82	1 724	0.72	18.45
Quarter ended June 1979	7 974	1 076	24.8	84.40	2 093	0.46	11.34
Year ended September 1979	30 456	3 526	26.3	71.52	1 881	0.44	11.59
Leader reef							
No. 1	203	86	234.8	2.47	580	0.07	15.47
No. 2	675	288	166.2	2.89	481	0.10	15.94
No. 3	108	56	159.1	3.25	517	0.07	10.81
No. 4	44	52	155.2	0.69	107	0.05	7.34
Quarter ended September 1979	1 030	482	176.4	2.63	463	0.08	14.33
Quarter ended June 1979	1 231	688	170.8	2.86	488	0.12	21.16
Year ended September 1979	4 493	2 298	183.2	2.78	510	0.12	21.35

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
June 30 1979..	R6 810	8 840 000	135.6	15.32	2 078	0.08	10.51
	R7 220	9 007 000	135.6	15.11	2 049	0.08	10.38
	R7 630	9 174 000	135.8	14.92	2 026	0.08	10.33
June 30 1978 ..	R4 610	7 921 000	133.0	17.79	2 366	0.08	11.14
	R5 030	8 216 000	133.0	17.34	2 306	0.08	11.04
	R5 450	8 517 000	133.1	16.91	2 251	0.08	11.03

DIVIDENDS

Details of the dividends declared in respect of the year ended September 30 1979 are as follows:

	Dividend No. 48 (Interim)	Dividend No. 49 (Final)
Declared	April 19 1979	October 18 1979
A share	270 cents	375 cents
Payable to shareholders registered	May 4 1979	November 2 1979
Payment date	June 8 1979	December 7 1979

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at September 30 1979 totalled R3 117 000 of which R393 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. LANGTON
G. S. YOUNG } Directors

October 19 1979

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

GENERAL NOTES

1. ORE RESERVES
   At June 30 1979, ore reserves were estimated at a pay limit based on a gold price of R6 810 (1978: R4 610) a kilogram. Also shown are ore reserve tonnages estimated at pay limits based on gold prices of R7 220 and R7 630 a kilogram to indicate the sensitivity of the ore reserves to gold price variations.
2. DIVIDENDS
   Attention is directed to an announcement published in conjunction herewith relating to the declaration on Thursday, October 18 1979, of final dividends for the year ended September 30 1979.
3. DEVELOPMENT
   Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Transvaal Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

Testing chapter in the Conder story

BY TERRY GARRETT

FROM A VILLAGE forge rented for 12s 6d a week to a £70m business dominating its industry in just 30 years sounds like the work of an agile entrepreneur.

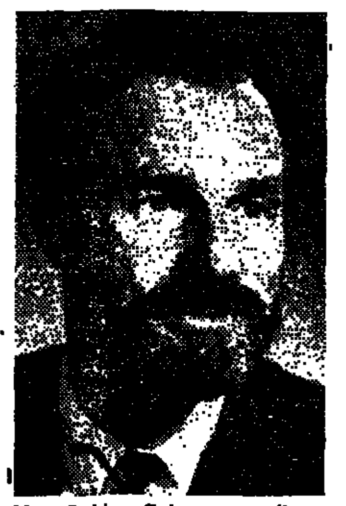
Indeed Mr. Robin Cole, chairman of Conder, who is bringing his company to the market next month has been the driving force in taking Conder to the number one place in Britain for steel framed buildings. Yet it is no ordinary entrpreneur who gives away a large slice of his stake in the company to a staff trust and moreover a trust devoted to the conservation of the environment and combating the population boom.

Why now, as he enters his sixties, has he decided to bring Conder to the market and bring upon himself the pressures which go with the kudos of running a public company? Obviously there comes a point when a person wants to reap the financial rewards of a lifetime spent building up a business. But the Cole family controls less than 20 per cent of the equity so an offer for sale is not going to make Mr. Cole a multi-millionaire overnight.

The reasons for the coming flotation go deeper than financial gain. Mr. Cole's two children have not followed their father into the business and he sees a listing as a way of perpetuating the Conder name as an independent entity.

The Conder story goes back to 1947 when two engineers came together to get a small business going. They were Robin Cole and John Pinder.

They rented a small forge in Kingsworthy, near Winchester, which became the "works" while a shepherds hut, some 8 ft by 4 ft, was the "office." The forge itself was long established and so the two partners had an immediate clientele. The work took many forms; anything from mending pots and pans to agricultural trailers came their way.


Mr. Robin Cole—no ordinary entrepreneur

It was the close association with the farming community which, almost by accident, was destined to put Conder on the map.

One of their first products was a machine called "Oliver." So called because it twisted wire, "Oliver" was designed to manufacture bale ties and the machines were soon turning out most of the ties consumed in the UK.

But it was not going to be "Oliver" that was to make Conder a big name. Within a year of setting up shop, a farmer called Bridger wandered into the forge to see if the two men could make some roof trusses for a chicken house.

Mr. Cole will be the first to admit that Mr. Bridger knew more about constructing buildings than he did. However Mr. Bridger dug around the forge and found himself some steel channel and angles which he thought would do the trick.

Mr. Cole designed some roof trusses and with Mr. Bridger's invaluable help and a few asbestos sheets the chicken house was up and Conder was on its way.

By 1950 Conder was on the move, but so was Mr. John Pinder. The business left the forge to go to a new site on Winchester's industrial estate. The 40 ft by 95 ft building, Mr. Cole remembers, looked incredibly large at the time. Unfortunately, personal circumstances required Mr. Pinder to return to Warrington so his partner borrowed some money to buy out his share.

From the original chicken house other orders developed from the farming community. Until then established construction had taken the form of lattice trusses which resembled oversized cob-webs.

Conder's buildings were based on portable frames set in simple arches, which hardly seems revolutionary as we enter the 1980s, but in 1950 it was a very different matter. The new design was fast catching on and in the wake of farm outbuildings came orders for industrial developments. But just as Conder looked as if it was really going to take-off it ran into one rather important problem. It could not get enough steel.

Not to be done down the Conder team was soon out looking for scrap. Boilers from tramp steamers being scrapped at Grimsby—some 100 tons of tubing in all—and a quantity of old railway lines were to enable Conder to survive a further year. Today Conder buys 50,000 tons of steel from BSC a year.

During the 1950s and early 1960s the company advanced steadily. New products were developed, new workshops established and the company broke into the export market. Today a quarter of the group's sales go overseas to some 30 countries.

One of the major developments was the design of a multi-floor structure made from steel with concrete wall and floor units. The system is unique in that a shell can be put up in a matter of weeks enabling the contractor to do all the internal work in the dry.

This building system, known as Kingsworthy though it bears as much relation to the old forge as chalk does to cheese, can be used for a wide variety of purposes. The system has taken Conder away from a reliance on industrial and agricultural buildings and into the market for schools, offices, hospitals and other community buildings.

Initially Conder just put up the shell but it has recently entered the ancillary products area and ultimately it could end up constructing the whole building.

Sales have grown steadily from £11.9m in 1970 to £66.58m in calendar 1978, while trading profits have come up from £275,505 to £1.85m. There has been only one slip during that time when trading profits fell in 1977 from £1.76m to £1.36m. It was a difficult year both at home and overseas according to Robin Cole and demand for Kingsworthy took a setback.

One of the major factors behind the company's success apart from its product is the involvement of its staff thanks to a staff profit sharing scheme.

The scheme is simple. A commercial return is deducted from profits and retained by the company. Costs are also deducted leaving a net figure which is split down the middle between employees and company. Profits are not lumped together for the complete group but taken individually for various companies within so the employee's return is directly linked to how well his particular operation did during the year.

The last accounts show 65 employees (excluding directors) out of just under 2,000 earning in excess of £10,000 each, and the average pay was close to £6,000 per worker.

The staff trust was established in 1970 to which Robin Cole gave some 22 per cent of the equity. The trust's function is to stimulate the employees' interest in taking a stake in the company. Interest-free loans can be arranged to buy shares and the trust can distribute its income to top-up dividends for employees.

The conservation trust has 10 per cent of the equity, and includes Sir Peter Scott as one of its trustees. Historically the dividend on Conder's shares has been low, so the company tops up the trust's income directly to give it more scope. Last year, for example, the trust took about £13,000 in dividends but Conder added a further £23,000. Apart from major donations such as those to the World Wild Life Fund and various well known population charities, the conservation trust involves itself in many small projects under the guidance of Sir Peter Scott. It has subscribed to the Galapagos Darwin Institute, to help protect the island's wildlife.

After the offer for sale Robin Cole envisages the share capital being split roughly three ways. The staff (including the Cole family) will hold one-third, the two trusts a further third and the public a third.

However some of the public shares are already in firm hands. Conder already has two major holders. TI owns 10 per cent of the capital and Wimpey 12 per cent. Both companies became involved when Conder made a major expansion in 1964. New factories were built simultaneously in Winchester and Burton-on-Trent trebling the company's production capacity. Possibly these two might be tempted to liquidate part of their investment at the time of the offer, as shares in the offer will come from existing holders.

At heart Conder's management team are engineers, but investors will probably like the company closer to the construction industry because its fortunes are inextricably linked to new building demand.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bk.	14 %	C. Hoare & Co.	14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

29% gain at Dow Chemical

BY OUR FINANCIAL STAFF

DOW CHEMICAL, third largest chemical group in the U.S., has lifted net earnings by 29 per cent to $198.4m in the third quarter of the year. The increase in share earnings from 85 cents to $1.09 a share supports the recent forecast by Mr. Paul Oreffice the president that share earnings would rise by at least 25 per cent this year from last year's $3.16 a share. Sales for the third quarter are 41 per cent higher at $2.4bn.

At the nine-month stage, earnings are now $3.25 a share against $2.40 last time. Total net is 35 per cent up at $589.6m, and sales have put on 33.3 per cent to $6.8bn.

Mr. G. J. Williams, vice president yesterday repeated the president's forecast that 1979 earnings will be at least 25 per cent higher on sales of $9bn.

He commented that, for the first time non-U.S. sales comprised over 50 per cent of the company's total, and that this geographic mix will cushion Dow against any slowdown in America.

Exports from the U.S. are up by nearly 40 per cent, demand for most plastics and chemicals remained high in the nine months, and production in some cases exceeded 90 per cent of capacity, he said.

Union Carbide, second largest chemical group, has recorded an 85 per cent increase in third quarter net income, from $80.7m or $1.25 a share to $149.4m or $2.27 a share. Sales were up 18 per cent to $2.33bn.

Much of the growth came from overseas sales, which were up 11 per cent, while domestic sales were up less than 1 per cent at $1.61bn. Mr. William Sneath, the chairman, said "some signs of the forecast general business lowdown were evident in the quarter. Sales volume of certain product lines related to the automotive and steel industries began declining towards the end of the third quarter."

Ethyl Corporation, manufacturer of petroleum chemicals, specialty chemicals and plastic containers, reported earnings for the first nine months of $75.5m or $3.84 a share, compared with $62.2m or $1.04 last year. A year end total of between $4.85 and $5.15 has been predicted on Wall Street. Sales for the nine months have risen from $1.04bn to $1.23bn.

Kaiser Steel losses rise

By Our Financial Staff

KAISER STEEL'S operating loss for the third quarter rose to $23.5m from a loss of $6.6m last year. This was before an extraordinary gain of $64.3m from the sale of its Hamersley Holding interest.

Net profit for the third quarter was thus $41.5m compared with $1.58m on revenues of $258.1m against $192.8m. Earnings per share were $5.92 against 23 cents. Revenue for the nine months was $729.2m.

Third quarter net profit for Inland Steel declined to $33.2m from $39.8m on revenue of $926.7m against $817.6m. Profit for the nine months dipped to $106.6m from $109.2m while revenue rose to $2.79bn from $2.43bn.

Timber groups see slowdown following high interest rates

BY STEWART FLEMING IN NEW YORK

WARNINGS THAT high interest rates will probably result in a sharp contraction of activity in the housing industry were issued yesterday by two leading timber companies in the U.S.

Both Weyerhaeuser and Louisiana Pacific, announcing buoyant third quarter earnings, said that they were expecting higher interest rates to begin to affect their companies in the fourth quarter.

They reported strong gains in third quarter profits. Net income at Weyerhaeuser rose 44 per cent from $91.3m a year ago or 70 cents a share to $132m or $1.03 a share. Sales revenues were 24 per cent higher at $1.2bn. For the first nine months, Net income is $403m or $3.17 a share against $276m or $2.11 a share.

Louisiana Pacific's third quarter net income was $30.5m or $1.05 a share, up from $18.3m or 64 cents a share.

In spite of the rise in interest rates throughout the year, there has been no serious weakening in the housebuilding industry, with the overall level of activity running only 10 per cent below last year. But the moves two weeks ago by the Federal Reserve to push US interest rates to record levels are expected to have a severe impact on housing, cutting starts from around 1.8m units this year to perhaps 1.5m next. The high cost of money is expected to discourage borrowers, but, more critically, lenders are growing increasingly concerned about the threat of a sharp slowdown in the flow of savings.

Mr. George Weyerhaeuser, president of the company, said yesterday that he expects reduced activity and demand in the U.S. new housing market beginning in the fourth quarter.

Mr. Harry A. Merlo, chairman and president of Louisiana Pacific, predicted a "sharp and immediate decline in housing activity."

Foremost gets $648m offer

By Our Financial Staff

FOREMOST McKESSON, the San Francisco-based drugs and food group, has received an offer worth some $648m. An investor group, which will include members of Foremost's senior management group, is bidding $36 for each of the company's common shares, of which 7¼ per cent is owned by Sharon Steel.

In addition to drugs and foods, the group is also engaged in wines and spirits and industrial, agricultural and fine chemicals. Until last June it was also involved in commercial land development.

Kodak pessimistic on outlook

BY OUR FINANCIAL STAFF

ALTHOUGH Eastman Kodak, the world's largest producer of photographic products, announced a 20 per cent advance on earnings for the third quarter it gave a warning that results for the fourth quarter will reflect substantial increases in raw material costs and higher wages and benefits.

In addition, last year's fourth quarter was "unusually strong" and its forecast is that this year's final quarter "is expected to be adversely affected by the unfavourable economic environment in the U.S."

Third quarter earnings rose to $285.9m or $1.78 a share against $238.1m or $1.48 on sales which rose 14 per cent, from $1.75bn to $2.0bn. Results over the nine months showed a rise in profits of 23.6 per cent from $570.9m or $2.54 a share to $706m or $4.38. Sales advanced by 15.7 per cent to $5.44bn compared to $4.70bn.

The company said that its US and Canadian photographic division sales rose by 11 per cent from a year ago to $1.08bn. Its international photograph division had 1979 third quarter sales of $773.1m, up 20 per cent from last year. Foreign exchange rate movements also contributed to the gains.

Sharp profits setback at Amdahl

By Our Financial Staff

A HEAVY FALL in third quarter earnings is reported by Amdahl, the computer manufacturer, whose chairman and founder, Mr. Gene Amdahl, retired in August, just one week after the disclosure that the company was exploring the possibility of a merger with Memorex.

Third quarter earnings have slumped from $12.9m to $1.8m, or from 75 cents a share to 11 cents. Sales showed only a modest fall, from $17.2m to $16.6m.

After showing little growth at mid year, Amdahl has at the nine month stage recorded a drop in earnings from $33.5m to $16.6m, or from $1.95 to 98 cents a share. Sales are down from $222.6m to $216.8m.

Amdahl, which only 18 months ago recorded annual earnings of $321m, has run into problems related to uncertainty among customers regarding IBM's plans for the computer market. In 1978, Amdahl was obliged to cut prices on some of its most recently introduced models in order to compete with the latest range from IBM, and customers have tended to lease computers rather than to buy outright in case IBM developments left them with outdated technology.

The proposed merger with Memorex was designed to reduce the vulnerability of both companies to IBM competition. Memorex on Wednesday reported a modest increase in third quarter earnings, from $9.9m to $7.07m.

But at the half way stage, Memorex blamed IBM's "aggressive actions" which it said had brought down prices.

Amdahl is at present rated tenth in the U.S. computer company league. If the Memorex merger went through, it would create a group with combined revenues of over $1bn, making it about seventh in the industry table.

Tyremakers find the going tough in third quarter

BY DAVID LASCELLES IN NEW YORK

THE HARD-PRESSED U.S. tyre industry showed some slippage in earnings during the third quarter.

Goodyear, the largest U.S. tyre company, reported a net loss of $7.2m, compared with a profit of $45.5m in the same period last year, though sales rose slightly from $1.9bn to $2.02bn. This left earnings sharply down for the first nine months at $94.5m, equal to $1.30 a share, compared with $154.5m or $2.14 a share last year. Nine months sales were $6.16bn against $5.46bn previously.

The group said the third-quarter loss had been expected because of the cost of closing outmoded facilities and replacing them with new ones. However, the company also encountered soft U.S. car and tyre markets.

Goodyear is planning a $71m expansion of its Danville, Virginia, plant to meet expected growth in the radial truck tyre business.

B. F. Goodrich's third-quarter earnings were $16.8m, equal to 99 cents a share, virtually level with last year's $16.6m or $1 a share. Sales were up 15 per cent at $742.9m.

However, the company noted that tyre shipments declined 10 per cent from the third quarter last year. Revenues increased only 2 per cent, but raw materials costs rose nearly 20 per cent. Goodrich only managed to maintain its earnings performance because of the strength of its chemicals group. Further deterioration of the tyre business is expected in the fourth quarter when earnings will be lower than in the third period, Goodrich warned.

Fuel price increases hit airlines

BY IAN HARGREAVES IN NEW YORK

THE CRIPPLING effect of soaring fuel prices and the grounding of the McDonnell Douglas DC10 airliners in July showed up yesterday in the quarterly earnings of two of the major U.S. airlines, American Airlines and Transworld Airlines.

American Airlines, 20 per cent of whose capacity comprises D10s, reported third quarter net earnings of $2.8m compared with $90.1m in the same period last year. After provision for preferred dividends there was a loss of 1 cent per common share.

Mr. Albert V. Casey, American's president, said that competition over rates in the early part of the year added to the impact of the other downward factors in the third quarter. Earnings for the first nine months were $91.2m against $127.1m last year. Revenue was up 16 per cent, at $2.39bn.

Transworld Airlines, part of the Trans World Corporation, does not fly DC10s, but it still dragged down group earnings from $86.8m in the third quarter of last year to $41.4m this year.

TWA yesterday announced that it has asked the U.S. Civil Aeronautics Board to approve a 7 per cent increase in its transatlantic fares, the fourth increase it sought on this route this year.

Hard currency Eurobonds weak

BY FRANCIS GHILES

EURONBOND markets were virtually unchanged yesterday though prices of harder currency bonds continued to deteriorate. In the dollar sector prices ended the day on a mixed note.

Trading was of a very professional kind, especially where straight dollar bonds were concerned. In the floating rate note sector, prices improved a little on the day.

Prices of foreign bonds in the Deutsche-Mark sector fell, as they have done every day during the past week. Again, it was the absence of buyers rather than any heavy selling pressure which lowered issues by around ½ a point on the day.

In the Swiss franc sector, prices weakened again, this time by an average of ¼-½ a point.

The only hard currency issues not to suffer any fall in prices were those in the guilder sector. Yields arehigherhere than in the Deutsche-mark or Swiss franc sectors and investors have less to fear from rising domestic interest rates.

A Fl 150 bond was launched for the EIB yesterday through Amsterdam Rotterdam Bank. The borrower is paying a coupon of 9 per cent for this issue which finally matures in 1994.

Prices in the Kuwaiti dinar sector ended the week virtually unchanged. The level of turnover, at KD6m, has also been small. This calm follows the fall in short-term interest rates which rose sharply last week in the wake of the U.S. inflation measures.

ERC directors reject take-over

By Our Financial Staff

THE DIRECTORS of the Kansas City-based ERC Corporation have formally voted to reject the $80 per share offer from Connecticut General Insurance Corporation, the fifth largest life insurance company in the U.S. The offer, which was for all ERC's outstanding common shares and convertible notes, was worth some $480m.

R. J. Reynolds payout

R. J. Reynolds Industries, the largest U.S. cigarette producer, has declared a two for one stock split and quarterly dividend of $1.05 against 95 cents, both on the pre-split shares, reports Reuter from Winston-Salem. Third quarter net earnings rose to $147.6m or $2.77 a share against $113.1m or $2.31 on sales $2.23bn against $1.67bn. For nine months, net earnings were $415.9m or $7.95 a share against $319.9m or $6.53

Dome plans C$4.8bn capital spending

BY JOHN WICKS IN ZURICH

DOME PETROLEUM, the Calgary-based oil company, foresees capital expenditure of C$4.8bn in the five-year period 1979-83, Mr. John P. Gallagher, the chairman, said in Zurich yesterday. These investments exclude spending on Arctic offshore operations in the Beaufort Sea and any future acquisitions of "public or private companies."

In recent years Dome Petroleum has been spending about double its cashflow on capital projects. In 1979, the estimated investment of C$890m was three times the cashflow. The absolute total will rise to an annual C$1.05bn by 1983, the company states.

Over and above this, about C$2bn is intended for expenditure on Beaufort Sea operations during the period, with spending rising sharply from C$50m this year to about C$1bn in 1983. Further investments are planned for the following years.

According to Mr. Peter Breyfogle, senior vice-president, Finance, the trend set in company finances in the first half of this year was expected to continue. Semi-annual figures show a 38 per cent increase in revenue to C$348.7m and a 30 per cent rise, to C$48.7m, in net income. Cashflow, up 22 per cent at C$85.5m, was "expected to catch up" in the second half, Mr. Breyfogle said.

Dome Petroleum, he indicated, would use American oil companies and West European and Japanese interests for future financing needs. It would also call on hte Canadian and U.S. financial markets and planned in time to return to the Eurobond market.

Mr. Gallagher stressed the considerable future importance of oil and gas reserves in the Beaufort Sea, where Dome has a working interest in more than 9m acres. Canada, he said, had an ultimate potential of some 107m barrels of oil and gas (oil equivalent) in less than 1,000 ft of water in the entire Arctic area.

Dome's operational base for the Beaufort Sea, at Tuktoyaktuk, is "the approximate centre of the major markets in the non-Communist world," the distance to such consumer ports as Yokohama, Amsterdam, Montreal and New York being about a half that from the Persian Gulf. Capital costs of the foreseen ice-breaker tankers would be about 50 per cent higher than those for conventional vessels. But this would be offset by the shorter haul. Beaufort Sea oil was intended to start flowing to East Coast ports by 1985, Mr. Gallagher said.

AMERICAN QUARTERLIES

ALBERTO-CULVER

	1979 $	1978 $
Fourth quarter		
Revenue	52.1m	48.5m
Net profits	1.06m	840,000
Net per share	0.25	0.20
Year		
Revenue	190m	172.5m
Net profits	3.67m	3.01m
Net per share	0.88	0.71

CONTINENTAL CORPORATION

Third quarter	1979 $	1978 $
Revenue	857m	782.7m
Net profits	79.1m	86.6m
Net per share	1.47	1.61
Nine months		
Revenue	2.4bn	2.2bn
Net profits	209.7m	215.1m
Net per share	3.90	4.22

FRED S. JAMES

Third quarter	1979 $	1978 $
Revenue	42m	36.7m
Net profits	5.35m	4.84m
Net per share	0.69	0.56
Nine months		
Revenue	123m	106.9m
Net profits	15.84m	13.88m
Net per share	1.98	1.62

PULLMAN

Third quarter	1979 $	1978 $
Revenue	761.5m	687.2m
Net profits	26.24m	23.23m
Net per share	2.38	2.12
Nine months		
Revenue	2.28bn	1.81bn
Net profits	79.44m	52.57m
Net per share	7.22	4.81

TRANS UNION

Third quarter	1979 $	1978 $
Revenue	228.1m	193.1m
Net profits	14.86m	10.07m
Net per share	1.23	0.84
Nine months		
Revenue	657.7m	560.2m
Net profits	38.24m	36.99m
Net per share	2.18	3.11

ALLEGHENY LUDLUM INDUSTRIES; AMERICAN CAN; BRUNSWICK; CESSNA AIRCRAFT; CLARK EQUIPMENT; CONE MILLS; CONSOLIDATED FREIGHTWAYS; CONTINENTAL TELEPHONE; DUN AND BRADSTREET; EATON CORPORATION; HARD MINERALS; FEDERAL MOGUL; GANNETT; G. HEILEMAN BREWING; KRAFT; METROMEDIA; NATIONAL DISTILLERS AND CHEMICAL; NATIONAL GYPSUM; NORTHWEST INDUSTRIES; PACIFIC GAS AND ELECTRIC; PEPSICO; SEABOARD COAST LINE INDUSTRIES; SMITHKLINE; SOUTHERN PACIFIC; STAUFFER CHEMICAL; TIME INC.; TRANSAMERICA; U.S. GYPSUM; U.S. INDUSTRIES; U.S. TRUST; VIRGINIA ELECTRIC AND POWER; WARNER COMMUNICATIONS; WEIS MARKETS; ZENITH RADIO

	1979 $	1978 $
[illegible]	[illegible]	[illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on October 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	89½	90	−0¼	−0¼	11.81
Alex Howden XW 9½ 91	30	77½	79½	−0½	−0½	13.19
Australian Res. 9¾ 84	30	93¾	93¾	0	+0¼	11.44
Avco O/S Cap. 10¾ 87	40	†89¼	89¾	+4¾	+5¼	12.44
Beneficial Fin. 9¾ 87	100	91¼	91⅞	−0⅛	−0¼	11.42
CECA 10¼ 91	150	87⅞	88¼	+0¼	+0⅛	12.78
CECA 9¾ 99	125	88¾	88⅞	+4⅞	+4⅞	11.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95⅝	96⅝	0	−1¼	10.14
Avco Fin. 10¼ 86 C$	25	88½	89	+0⅛	−0¼	12.85
Bell Canada 10¾ 86 C$	60	92	92½	−0½	−0½	12.48
Cr. Foncier 10¾ 84 C$	30	90	90½	+0⅛	0	13.14
Ex. Dev. Cpn. 10 84 C$	50	93⅞	94⅜	+0⅛	+0⅞	11.69
Fst. Can. Inv. 10 84 C$	50	90⅞	91¼	+0⅛	+0⅛	12.63
Hudson Bay 10½ 89 C$	60	90½	91	+0⅛	+0⅞	12.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Grundig is heading for further fall in profits

BY JONATHAN CARR IN BONN

GRUNDIG, the West German domestic electrical products concern, is heading for a further fall in profits this year (to March 31, 1980) on turnover likely to be little above that achieved in 1978-79.

But the company rates its medium-term prospects good, with a series of new products—particularly in the video field—soon to come on stream. The Olympics in Moscow next year should also boost colour television sales.

Last year Grundig lifted turnover by 7 per cent to DM 2.95bn ($1.64bn), just missing its announced aim of crossing the DM 3bn mark. But net profits fell sharply, to DM 96m ($53m) from DM 148m in 1977-78.

The company explains that it was badly squeezed on the domestic market by imported goods from the Far East—products in part on offer in West Germany because some neighbouring European countries had taken steps to limit their imports. The result was a flooding of the German market and a sharp fall in prices which has continued into the first half of the new business year.

On the other hand, Grundig was able markedly to increase its business abroad, raising overseas turnover by 16 per cent to DM 1.44bn. Foreign sales thus accounted for about 49 per cent of turnover against less than 45 per cent a year earlier.

During April-September this year Grundig about equalled its volume sales in the same period of 1978. But with the continued pressure on prices—more than 10 per cent lower than a year earlier for some products—earnings were down. The company now sees some scope to raise prices in the coming months but not enough to wipe out the setbacks sustained.

Despite these problems, Grundig sees good sales prospects for its new video recorder, jointly developed with Philips, for its big screen television "Cinema 9000" and its new hi-fi range.

As to its relations with Philips, Grundig merely underlines that the two concerns would co-operate in some limited sectors but planned to remain competitors on most markets.

ENI bid for Monti refineries

BY RUPERT CORNWELL IN ROME

INTENSIVE NEGOTIATIONS are under way here for ENI, the state-owned oil concern, to take over at least part of the refinery and distribution interests of the financier, Sig. Attilio Monti, the largest such group in private hands in Italy.

Crisis has been forced upon Sig. Monti by his failure to secure adequate supplies of crude in the tight world oil market. As a result, his four refineries have been working this year at 50 per cent or less of capacity, and many of the 3,000 filling stations he operates under the Mach label have long been without supplies of petrol and diesel fuel.

Sig. Monti acquired the bulk of his oil industry interests when he took over, for L120bn ($150m), British Petroleum's operations in Italy in 1973, on the eve of the first world energy crisis.

Since then his group's debts have spiralled, to stand by the end of June at over L650bn ($800m), despite the sale of holdings in the tanker, distilling and sugar industries and the disposal of real estate owned by the 74-year-old financier.

Sig. Antonio Bisaglia, the industry minister, confirmed to Parliament yesterday that as a stop-gap measure he had instructed ENI to supply the Mach chain with 100,000 tonnes of petrol to make good immediate shortages.

Meanwhile, the state group has been given ten days to come up with firm proposals to acquire at least some of the petrol stations and other installations.

ENI for its part is distinctly reluctant to take on the whole of Sig. Monti's refinery and distribution business, for fear that it might simply be involving itself in a very costly salvage operation with scant hope of corresponding industrial advantages.

Many of the Mach filling stations are uneconomic.

ENI argues moreover that the four refineries, at Milazzo in Sicily, Ravenna, Piedmont and Gaeta on the coast between Rome and Naples, mainly produce less profitable "heavy" petroleum products.

Sig. Monti's plight is the firmest indication so far of the vulnerability of independent refiners now that supplies of oil are tight and that spot market prices are far above the agreed price of crude settled by the OPEC producers.

Lower first half deficit from French retailer

By Our Financial Staff

PARIS-FRANCE, which is the subject of contending takeover bids from retailers Au Printemps and Radar, reports a modest reduction in loss for the first half of this year.

Before tax, and provisions and dividend payments, Paris-France has incurred losses of FFr 1.68m ($393,000) compared to a deficit of FFr 1.83m for the opening six months of 1978.

A public offer was made for Paris-France by Au Printemps at the beginning of this month. It was for 19.9 per cent of capital of the stores chain at FFr 250 a share. This was rapidly followed by a counter-offer of FFr 350 a share from Radar for a similar percentage of the Paris-France capital.

The Radar offer placed a value equivalent to $100m on the whole of Paris-France. The offer was accepted by the Paris-France Board.

Subsequently, a court action against Radar was brought by Au Printemps alleging that Radar had made "irregular" purchases of Paris-France shares. However, the action was made in a civil court, whose president ruled that he did not have the jurisdiction to try the case.

● Saunders Leasing System has filed a complaint against Societe Holding Gray D'Albion, a French holding company, seeking to prevent continued purchases of its stock by the French group, AP-Dow Jones reports from Birmingham. The French company reported to the Securities and Exchange Commission that it owns about 12.9 per cent of Saunder's 2.9m common shares.

The complaint, filed in a U.S. court in Birmingham, Alabama, charges Gray D'Albion with violating the requirements of Federal securities laws. Harris Saunders Jr. is a tractor, trailer and truck-leasing concern.

CCF to float FFr353m. loan

BY DAVID WHITE IN PARIS

CREDIT COMMERCIAL de France (CCF) the large private-sector French bank, is floating a FFr 353m ($88m) convertible loan next week, its first such operation since 1971.

M. Jean-Maxime Leveque, chairman, said that CCF expected a 15 to 20 per cent rise in group net profit this year over last year's FFr 101m.

Because of provisions, he said, the rise would not be as sharp as in the first half, when consolidated net earnings went up by 55 per cent to FFr 50.7m.

Although parent company profit will progress more slowly than at group level, he said that the bank expects to increase its dividend from FFr 8.50 a share.

The 12-year convertible loan is made up of FFr 950 shares issued at par. They will be made available to shareholders from October 23, and to the general public from November 7. The bonds will carry a 9 per cent interest rate in the first four years, rising to 9.5 per cent in the next four and 10 per cent in the closing period of the loan, given a gross yield in the case of non-conversion of 10.3 per cent.

Repayment will be made in eight instalments from January 1984. The bonds will be convertible from October next year, on the basis of five of the bank's nominal FFr 75 shares for each bond. This works out at FFr 190 per share, some 14 per cent above the recent bourse price of around FFr 166.

The immediate aim behind the operation is to increase CCF's lending scope. Under government credit regulations, an increase in resources will expand the limits imposed on its credit growth. M. Leveque said that credit curbs risked becoming a durable feature of French banking.

At the same time, M. Leveque said, CCF wanted to keep up a high level of capitalisation in relation to its loan commitments, and to provide investment funds for further development.

A recent campaign launched by CCF to encourage clients to buy shares had increased the number of shareholders by 10,000 to between 27,000 and 28,000, M. Leveque said.

About 30 per cent of the bank's capital is held by major shareholders, including Williams and Glyn's, with none holding more than 4 per cent. Between 30 and 35 per cent is in the hands of institutional investors, and 35 to 40 per cent is held by small shareholders.

MEDIUM-TERM BORROWING

East Germany gains fine terms

BY FRANCIS GHILÈS

EAST GERMANY has joined the growing list of East European borrowers who are able to raise syndicated credits in the Euromarkets on very fine terms. The country's foreign trade bank, Deutsche Aussenhandelsbank, has arranged a $200m ten-year loan through a group of banks led by Credit Lyonnais.

The borrower is paying a margin of ½ per cent for the first five years, rising to ⅝ per cent for the remainder, with four years' grace.

Meanwhile, Bulgaria, Foreign Trade Bank, is arranging a $150m loan through a group of banks led by Bank of America. The borrower is paying a margin of ¾ per cent over the interbank rate for seven years. Of the total amount, $96m will be used to refinance the outstanding amount of a $120m five-year loan the borrower completed with the same group of banks in April 1977, for which it paid a spread of 1½ per cent.

Brazil's foreign debt will reach $52bn by the end of the year, Oscar Lourenco Fernandez, chief co-ordinator of the International Division of the Ministry of Finance in Brasilia said on Wednesday. This estimate, reported by AP-Dow Jones, is $2bn higher than the Ministry's last official estimate. Sr. Fernandez also said the country's current account deficit would reach $10bn this year. The governor of the Central Bank, Sr. Ernane Galveas estimated foreign reserves of $10bn at the end of the year. This compares with $11.9bn at the end of 1978.

Sources in the Ministry of Finance said that Brazil did not plan to return to the syndicated loan market this year after the $1bn loan currently being arranged is completed.

Reduced loss from Belgian metals group

By Our Financial Staff

BELGIAN metals group, Mines et Fonderies de Zinc de la Vieille Montagne, has stayed in the red for the first half of this year but its losses are lower than a year earlier.

In a statement which did not give figures, the company said that although the average zinc price had risen noticeably since the beginning of the year returns were still insufficient. Costs, particularly for electricity, had risen.

In the full year 1978, the company made a net loss of BFr 876m ($30.2m) after depreciation of BFr 434m. No dividend was paid.

The company expects its results for the full year to show a clear improvement over the 1978 figures. After the poor economic outlook for the zinc industry which affected last year's results, the company has benefited in the first half from improved sales prices.

Production has been well below full plant capacity levels, however.

● Retailer, Delhaize, is to make a rights issue. Proposals will be put to shareholders in December.

The capital of the stores chain stands at BFr 500m.

Downturn for Norwegian building supplies group

BY FAY GJESTER IN OSLO

NORCEM, Norwegian producers of cement and building materials, foresees lower profits in 1979, despite higher turnover.

In the first eight months of the year, turnover rose to NKr 1.57bn ($313.6m) from NKr 1.26bn in the same period of 1978. Of the rise, NKr 215m reflected acquisitions.

Profits after depreciation and interest were NKr 9m for the eight months against NKr 27m.

The group says that the NKr 19 per tonne increase in the price of cement it was permitted to make this year (a dispensation from Norway's price freeze) only partly offset the higher price it has to pay for oil, and came too late to compensate for earlier cost increases.

Italian sugar concern cuts borrowings

Romana Zucchero SpA reports a reduction in turnover to L19.8bn ($23.88m) for the first half of this year from L27bn in the like period of 1978. The Italian sugar group also reports that its short-term debt narrowed to L56.4bn by the end of June, from L76.6bn last December, writes AP-DJ from Genoa.

Dutch copier growth slackens

BY OUR FINANCIAL STAFF

ON SALES up from Fl 916.07m to Fl 935.24m ($470m), the Dutch copier group Oce-van der Grinten has turned in net profits for the first nine months of the current financial year of Fl 29.24m ($14.7m) against Fl 28.42m last time.

This result continues the flatter trend in profits growth established during the first half, which was in marked contrast to the rapid expansion seen over the past few years. The group owns the UK company Ozalid.

The net profit represents earnings per share of Fl 16.26, up from Fl 15.90 last time. Operating profit moved ahead from Fl 67.73m to Fl 71.18m.

The group is to pay an interim dividend on November 1 of Fl 4, up from Fl 3.80 last time.

● The European Options Exchange (EOE) is to introduce new July series for Dutch, Belgian and French options from October 22, following the expiry of the October series, Reuter reports from Amsterdam.

Striking prices for the new series are as follows, in guilders for Dutch options, Belgian francs for Belgian and French francs for French: Algemene Bank Nederland call options 340 and 350, Akzo call and put 27.50 and 30, Amsterdam-Rotterdam Bank call 70, Hoogovens call 27.50 and 30.

KLM Royal Dutch Airlines call and put options 80 and 90, Nationale Nederlanden call 115 and 120, Philips call and put 22.50 and 25, Royal Dutch call and put 150 and 160 and Unilever call 125 and 130.

Gevaert Photo Produits call 1,000 and 1,100. Petrofina call 5,500 and 6,000 and Union Minière call 700 and 750.

Thomson CSF call 400 and 440, Saint Gobain call 120 and 130 and PSA Peugeot-Citroen call 280 and 300.

Kuwait tightens dealing rule

BY OUR FINANCIAL STAFF

AN APPARENT attempt to discourage some of the outflow of Kuwaiti dinars from the local money market has been made by Kuwait's Ministry of Commerce and Industry, which has moved this week to enforce regulations against the trading of shares in non-Kuwaiti, Gulf-based companies.

The Ministry has shut the registers of the companies, and Abdul Wahab al-Nafisi, the Minister of Commerce and Industry, has asked Kuwaiti audit offices not to co-operate in the formation of any more of these companies.

The companies intended to be affected by these moves are those formed to avoid the Kuwaiti regulation banning the formation of public companies. The companies are largely Kuwaiti-owned, most by prominent merchants here.

Busniessmen, investors and brokers say, however, that the Ministry's actions will affect the companies very little, if at all. Shares can be registered by telexing Bahrain or the Emirates and investors interested in participating in the formation of a new Gulf-based company can simply fly to the Emirates or Bahrain for the subscription or, as a group, designate a representative to do it for them.

Trading in the shares of the Gulf-based companies has always been illegal in Kuwait, but it has been done so openly as to be an accepted fact of life. Share prices are quoted in the local newspapers daily. Every few months the Ministry warns brokers that such trading is illegal, and from time to time takes up individual cases, but after a while everything returns to normal.

Share prices in the Gulf-based companies fell after the Ministry announced its move against them and prices of some of the Kuwaiti stocks rose. But most observers here believe this to be merely temporary.

The problem of the Gulf-based companies has come to a head in recent weeks with the formation of Gulf Investment Company in Bahrain. Under Bahraini company law, Baharaini citizens are not allowed to own shares in these companies. The $75m founders' issue was oversubscribed four times, mainly by Kuwaitis, and the $25m open subscription is thought to have been oversubscribed more than 1,000 times, again mainly by Kuwaitis. This has sharply affected local inter-bank rates, which were already soaring.

Kuwait has been suffering a liquidity crisis for much of the year. The central bank estimates that KD 600m ($2.2bn) left the local market in the first six months of the year. The trend has continued, although no estimate has been made of the amount that has left over the last three months. It is generally agreed that four factors are causing the drain: The formation of Kuwaiti-owned companies in other Gulf coutnries; the transfer of dinars to dollars and sterling to take advantage of high interest rates in those currencies: activity in the Kuwaiti dinar bond market; and fears about the political stability of the area.

The expectation has been that the central bank would put some money in the market to solve the problem. Last week it was reported to have deposited KD 70m with the commercial banks, and interest rates dropped. However, KD 70m is seen in the market as a "mere drop in the bucket."

SOUTH AFRICAN UNIT TRUSTS

Index forges ahead to record levels

BY JIM JONES IN JOHANNESBURG

THE SOUTH AFRICAN unit trust index has reached record levels, 10 years after setting the previous high.

The country's unit trust industry, founded in 1965, had a period of boom in 1969 when the country's stock market rise stampeded investors into anything remotely to do with the stock market. But the peak of the market then heralded one of the worst post-war market declines.

The unit trust index started off from an end-June 1965 base of 91.9. Four years later, at end-June 1969, it reached a peak of 230.2, but within a year had fallen to 135.8.

Unit trust price setbacks, however, may tend to encourage small investors t ostay aboard, in the hopes of better days, and, perhaps, more to the point, the diehards who bought at the top of the market, tended to hold their investments until a recovery in prices.

It had been widely predicted that once the unit trust index passed its 1969 peak, stale bulls would take their profits, albeit several years on. With the Johannesburg Stock Exchange's latest bull run, the conditions for such selling have been reached. By end-September, the index had surged to an all-time high of 258.9.

But, as yet, there has been no flood of sales. Nor has there yet been a flood of buying, however. Over the past few years, trust managers have been hampered by steady net repurchases, running, for example, as high as R6.9m ($8.4m) in the June quarter this year, or the equivalent of 1.7 per cent of the total value of the trusts. During the September quarter, net redemptions fell to only R1.9m equivalent to 0.4 per cent of the end-September total value. It is this trend that has prompted increasingly optimistic trust managers to project net purchases within the next couple of quarters.

If so, they may hope, with the greater degree of flexibility, for scope to out-perform the market. In the 12 months to end-September, the unit trust index, which reflects average unit prices, advanced 38 per cent, marginally better than the Johannesburg stock exchange's 37 per cent overall advance in the same period.

هكذا من الأصل

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Liquidity levels set for Hong Kong finance houses

BY PHILIP BOWRING IN HONG KONG

THE HONG KONG Government has introduced the long-awaited legislation to impose liquidity requirements on deposit taking finance companies. Simultaneously it has made changes in the Banking Ordinance, which governs the operations of licensed banks, to redefine liquid assets and to extend their range. Both measures, however, are strictly supervisory in objective. Contrary to widespread expectations here, the Government has avoided relating the changes to monetary policy.

For the past year the Government has been concerned about the rate of growth of money and credit. Many had expected that it would use the occasion of the long heralded legislative changes to force stricter monetary discipline on the banks—which have doubled their advances in the past two years.

At present short-term offshore interbank deposits count as liquid assets but are not netted off against liabilities to banks overseas, as happens in the case of similar transactions within Hong Kong. This accounts in part for the anomaly that the proportion of loans to deposits of banks in Hong Kong at the end of August was at a near record 84.6 per cent, while the same banks' overall liquidity ratio was at a level of 49.2 per cent.

The legislation introduced sets moderate, two-tier liquidity levels for deposit-taking finance companies. The precise levels are not spelled out in the law, as the Financial Secretary will have the power to determine them. But the Government says that initial levels will be 30 per cent of short-term (seven days or less) deposits and 15 per cent on other deposits. They become effective on January 1.

The ratios compare with the overall 25 per cent ratio required of banks. The Government decided on different liquidity levels because the liability structures of banks and financial companies here differ widely—time deposits account for 84 per cent of finance company deposits, compared with only 36 per cent at banks.

Assets that qualify as liquid for finance companies will be the same as for banks. Principally they will be: demand and short-term claims on other banks or finance companies, foreign government securities, marketable certificates of deposit issued outside Hong Kong, and specified Hong Kong money market instruments.

This list includes the items newly designated as liquid assets in the amendment to the Banking Ordinance. These fall into three main categories: demand and short-term claims on deposit-taking companies; certificates of deposit in foreign currencies issued outside Hong Kong, provided that the Financial Secretary is satisfied that they are marketable; specified Hong Kong money market instruments.

As yet, the third category is vacant. It is intended to be filled initially with Hong Kong dollar certificates of deposit. The local CD market has long been an on-and-off affair. It seemed about to flourish eventually, last year, when there was a spate of issues. But, partly because of rising interest rates, the momentum was not sustained. There had been hope that the Government would give the CD market a fillip by *specifying local CDs* as liquid assets. But it is playing safe, and will wait till the market is active enough for instruments to be readily marketable.

The Government acknowledges the extent to which a vicious circle exists in this respect, but hopes that prospective CD issuers will be encouraged to stimulate the market in the expectation that once it is active it will be further boosted by being given liquid assets status.

The immediate effect on the markets of the new measures is likely to be negligible. The Government has given the finance companies ample warning and encouragement to build up their liquidity in preparation for official regulation. The many finance company subsidiaries of international banks which operate here as vehicles for offshore lending will not be affected, because of their large interbank positions. This offshore activity accounts for the bulk of the balance-sheet totals of the deposit-taking companies. At the end of June, the 248 DTCs had total liabilities of HK$62bn (U.S.$12.4bn). Of this only HK$17.8bn was in non-bank deposits, HK$26.4bn was due to banks overseas and HK$9.0bn to banks in Hong Kong.

CNA well ahead after six months

By Jim Jones in Johannesburg

CNA INVESTMENTS, the South African periodical, book and audio equipment retailer, has reported a 32.5 per cent rise in pre-tax profit in the first half of 1979-80 to R1.25m ($1.5m), from R944,000 in the same period last year. Turnover rose by 13.4 per cent to R32.5m ($39m), from R28.7m.

Normally, CNA reports up to 80 per cent of total earnings during the second half of the year, and the management is confident that this pattern will be repeated during the current period. For the whole of last year, to February 28, a pre-tax profit of R3.43m was reported, on turnover of R65m. But last year was effectively one of consolidation. This year, in expectation of a surge in consumer spending, the group plans to open 24 new retail outlets and expects a material improvement

As the main thrust of this year's expansion programme is concentrated in the retail sector, however, a cautious interim dividend policy has been adopted. On first-half earnings per share of 18.9 cents, against 13.5 cents, an unchanged 5 cents payment has been declared. Last year a final dividend of 15 cents was declared and the Board is confident that this will be improved upon this year.

CNA is 51 per cent owned by Argus Printing and Publishing, the South African press group. Following the improved interim results, the shares were unchanged in Johannesburg at *300 cents.*

Greatermans plans closures

By Our Johannesburg Correspondent

GREATERMANS STORES, the South African supermarket and department stores chain, has taken steps under its new management to improve the overall performance of the loss-making department stores division with the closure of two outlets in Johannesburg and Durban.

The closures have caused little surprise to Johannesburg investors, although they will mean further write-offs against profits, following exceptional write-offs of R8m ($9.7m) in the year to June 30. These resulted in a trading loss of R3.6m for the period, compared with a profit of R7.3m in the previous year.

Nisshin Steel sees good first-half

BY DONALD MACLEAN

NISSHIN STEEL—the Japanese integrated steelmaker, and the country's largest manufacturer of stainless steel products—expects to report profits for the first half of the current financial year approaching the relatively high level for the second half of last year, Mr. Saaji Hayashi, *senior managing director,* said in London.

Net profits for 1978-79 as a whole were Y8.8bn, against Y5.8bn in 1977-78 on sales up to Y294bn from Y284bn.

In the second half of the current year, however, the company expects to suffer to some *extent from the effect of oil and* non-ferrous metal price increases, and from a slow down in exports, among other factors. It believes, on the other hand, that it will benefit from the Japanese economy having established itself on a stable growth path.

In the six months to March, the company made net profits on a parent company basis of Y5.25bn ($22.6m), or 143 per cent more than the depressed level in the same period of the previous year. Recurring profits *for the* half were up 228 per cent to Y12.65bn, while sales of Y151.76bn ($655m) showed a gain of 11.5 per cent.

The company's policy is to hold its investment within the range of internally generated funds. It is, nevertheless, considering an international bond *issue* "*some time next year.*"

Advance at Singapore hotel group

By Georgie Lee in Singapore

OVERSEAS UNION Enterprise (OUE), the owner of one of Singapore's top hotels, the Mandarin — has reported a strong upsurge in group profits for the first half-year, ended June.

Group pre-tax profit for the half-year was S$5.59m (U.S.$7.6m) for an increase of 31 per cent over the comparable *period* last year. Turnover rose at the slower pace of 13.5 per cent, to $27.2m (U.S.12.7m).

OUE has declared a gross interim dividends of 5 per cent.

Paul Y wins office contract

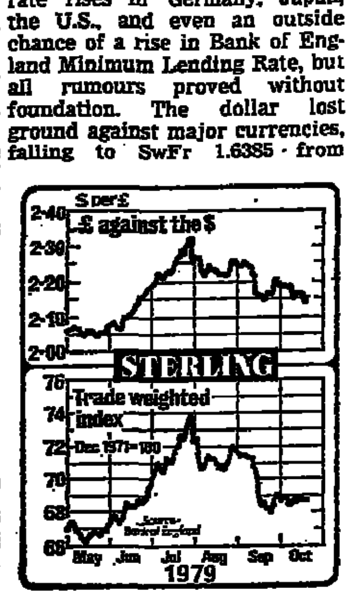
SINGAPORE — Paul Y Construction (Singapore) Pte has secured the main contract to build the 48-storey Raffles Tower office building in Raffles Place, Singapore, the company announced.

The S$70m (U.S.$33m) contract involves construction of the project's superstructure and second stage excavation work on the 5,274 square metre plot.

Paul Y also undertook the first stage of excavation work earlier this year for about S$1m. Work on the main contract began on October 1 and is scheduled for completion early in 1982.

Dollar weaker

FEARS OF increases in central bank discount rates led to nervous trading in the foreign exchange market yesterday. There was speculation of interest rate rises in Germany, Japan, the U.S., and even an outside chance of a rise in Bank of England Minimum Lending Rate, but all rumours proved without foundation. The dollar lost ground against major currencies, falling to SwFr 1.6385 from



SwFr 1.6500 against the Swiss franc, after trading between SwFr 1.6370 and SwFr 1.6490. The U.S. currency moved within a range of DM 1.7915 to DM 1.8010 in terms of the D-mark, before closing at DM 1.7950, compared with DM 1.8025. It also lost ground to the yen in contrast to recent days, closing at Y232.20, compared with Y234.15.

The dollar's trade-weighted index, as calculated by the Bank of England, fell to 86.0 from 86.2. Sterling's index, on Bank of England figures, was unchanged at 68.8, after standing at 68.7 at noon and in early trading. The pound opened at $2.1515-2.1525, and traded between $2.1430 to $2.1535, before finishing at $2.1520-2.1530, a rise of 75 points on the day.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.7973 against the D-mark, compared with DM 1.7954 previously. The U.S. currency rose to around DM 1.80 around lunch time, after opening at DM 1.7935, and touching a low point of DM 1.7918. There was no indication of open market intervention by the German authorities, while the dollar probably gained strength *from the lack of any change in* policy at the Bundesbank central council meeting. Earlier rumours suggested a rise in central bank interest rates.

BRUSSELS—The Danish krone rose to BFr 5.5325 against the Belgian franc from BFr 5.5320, at the fixing, its highest permitted level within the European monetary system. The D-mark eased to BFr 16.1125 from BFr 16.1280, and the French franc to BFr 6.8550 from BFr 6.8757½. The guilder also lost ground, while the lira was unchanged and the Irish punt improved. The dollar rose to BFr 28.98 from BFr 28.95½, and sterling fell to BFr 62.17½ from BFr 62.27.

MILAN — The lira improved against other members of the European Monetary System, but weakened in terms of the dollar. The D-mark fell to L461.55 from L461.75 at the fixing; the French franc to L196.19 from L196.77; the Dutch guilder to L416.20 from L416.40; and the Danish krone to L158.38 from L158.40. On the other hand the Irish punt rose slightly to L1,722 from L1,721.50.

TOKYO — The Bank of Japan continued to support the yen yesterday, selling a further $200m, bringing total support to about $1.2bn so far this week. The dollar eased to Y232.35

THE POUND SPOT AND FORWARD

Oct. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1430-2.1535	2.1520-2.1530	0.05-0.15c dis	−0.55	0.05-0.15dis	−0.18
Canada	2.5320-2.5405	2.5385-2.5395	0.25-0.15c pm	0.94	0.70-0.60 pm	1.02
Nethlnd.	4.28-4.30	4.28¾-4.29¾	2-1c pm	4.20	5-4 pm	4.20
Belgium	62.00-62.40	62.25-62.35	1c pm-9c dis	−0.77	7 pm-3 dis	0.12
Denmark	11.22½-11.28½	11.27-11.28	2-4ore dis	−3.19	8½-10½ dis	−3.37
Ireland	1.0315-1.0375	1.0350-1.0360	0.17-0.27p dis	−2.55	0.60-0.07dis	−2.61
W. Ger.	3.84-3.88	3.86-3.87	2½-1½pf pm	6.20	6½-5½ pm	5.82
Portugal	107.00-108.10	107.45-107.75	55-105c dis	−8.92	105-250 dis	−7.42
Spain	141.65-142.20	142.10-142.20	30-80c dis	−4.64	140-240 dis	−5.35
Italy	1,778-1,786	1,785-1,786	1-3 lire dis	−1.34	5¾-7¾ dis	−1.51
Norway	10.68-10.73	10.71¼-10.72¼	par-2ore dis	−0.10	par-2 dis	−0.03
France	9.03-9.09	9.06-9.07	1½-½c pm	1.32	2-1 pm	0.66
Sweden	9.05-9.11	9.09½-9.10½	1¼ore pm-¼ dis	0.99	5¼-4¼ pm	2.31
Japan	495-503	499½-500½	3.00-2.55y pm	6.66	7.60-7.15 pm	5.90
Austria	27.70-27.90	27.83-27.88	17-7gro pm	5.17	38-28 pm	4.74
Switz.	3.51-3.54½	3.52¼-3.53¼	4-3c pm	11.91	10¼-9¼ pm	11.19

Belgian rate is for convertible francs. Financial franc 63.95-64.05c pm. Six-month forward dollar 0.18-0.28c dis, 12-month 10c pm-par.

THE DOLLAR SPOT AND FORWARD

Oct. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1430-2.1535	2.1520-2.1530	0.05-0.15c dis	−0.56	0.05-0.15dis	−0.13
Ireland†	2.0745-2.0785	2.0750-2.0780	0.45-0.15c pm	1.73	1.10-0.80 pm	1.83
Canada	1.1790-1.1810	1.1793-1.1796	0.06-0.02c pm	0.41	0.30-0.26 pm	0.95
Nethlnd.	1.9900-1.9940	1.9910-1.9920	0.86-0.76c pm	4.88	2.28-2.18 pm	4.48
Belgium	28.90-29.00	28.93-28.95	1½c pm-par	0.31	5½-3 pm	0.59
Denmark	5.2375-5.2400	5.2385-5.2400	0.60-1.10ore dis	−1.95	3.65-4.15 dis	2.98
W. Ger.	1.7915-1.8010	1.7945-1.7955	1.06-0.98pf pm	6.88	2.75-2.65 pm	6.02
Portugal	49.90-50.05	49.93-50.03	25-40c dis	−7.68	45-90 dis	−5.36
Spain	66.03-66.15	66.06-66.10	18-28c dis	−4.18	65-80 dis	−4.89
Italy	828.60-830	829.40-829.90	par-0.50 lire dis	−0.04	2.75-3.25dis	−1.45
Norway	4.9775-4.9810	4.9785-4.9795	par-1.00ore dis	−1.20	par-1.00 dis	−0.40
France	4.2070-4.2195	4.2075-4.2125	0.75-0.65c pm	2.00	0.95-0.85 pm	0.85
Sweden	4.2200-4.2290	4.2260-4.2270	1.00-0.80ore pm	2.55	3.00-2.80 pm	2.74
Japan	231.25-232.60	232.15-232.25	1.40-1.25y pm	6.85	3.60-3.45 pm	6.06
Austria	12.92½-12.95	12.93½-12.94½	7.40-6.90gro pm	6.63	17.50-16 pm	5.18
Switz.	1.6370-1.6490	1.6380-1.6390	1.81-1.76c pm	13.07	4.80-4.75 pm	11.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Oct. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.602867	0.645760
U.S. $	12	1.29532	1.38787
Canadian $	13	1.52394	1.63269
Austria Sch.	3¾	16.7420	17.9312
Belgian F.	10	37.5028	40.1857
Danish K.	11	6.78424	7.26409
D Mark	5	2.32562	2.49191
Guilder	8	2.57898	2.76449
French Fr.	9½	5.45584	5.84639
Lira	12	1073.82	1150.54
Yen	5¼	301.680	324.483
Norwgn. Kr.	7	6.44875	6.90673
Spanish Pts.	8	85.4968	91.6406
Swedish Kr.	8	5.47143	5.86304
Swiss Fr.	1	2.12018	2.27194

CURRENCY MOVEMENTS

Oct. 18	Bank of England Index	Morgan Guaranty changes %
Sterling	68.8	−35.7
U.S. dollar	86.0	−7.3
Canadian dollar	80.3	−17.7
Austrian schilling	153.9	+22.8
Belgian franc	115.1	+14.3
Danish kroner	115.1	+3.1
Deutsche mark	155.0	+44.9
Swiss franc	199.9	+82.5
Guilder	124.2	+18.9
French franc	100.1	−5.5
Lira	54.6	−49.7
Yen	123.0	+21.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 18	£	$		£ Note Rates
Argentina Peso	3218-3238	1495-1504	Austria	27.40-28.40
Australia Dollar	1.9305-1.9405	0.8980-0.9005	Belgium	63.40-64.40
Brazil Cruzeiro	64.75-65.75	30.08-30.56	Denmark	11.15-11.35
Finland Markka	8.105-8.12	3.7800-3.7820	France	9.00-9.10
Greek Drachma	79.348-81.356	36.88-37.80	Germany	3.80-3.90
Hong Kong Dollar	10.73-10.75	4.9900-4.9930	Italy	17.70-18.20
Iran Rial	151.1-158.1	70.25-73.50	Japan	5.00-5.10
Kuwait Dinar (KD)	0.594-0.604	0.2787-0.2788	Netherlands	4.25-4.35
Luxembourg Frc.	62.20-62.30	28.91-28.93	Norway	10.60-10.80
Malaysia Dollar	4.6690-4.6790	2.1710-2.1720	Portugal	104-110
New Zealand Dlr.	2.1845-2.1945	1.0150-1.0185	Spain	140½-144½
Saudi Arab. Riyal	7.17-7.27	3.3600-3.3630	Switzerland	3.40-3.55
Singapore Dollar	4.65-4.66	2.1625-2.1635	United States	2.14-2.155
Sth. African Rand	1.7725-1.7825	0.8270-0.8280	Yugoslavia	46-48

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.1326	+0.72	+0.72	±1.53
Danish Krone	7.36594	7.25824	−1.46	−1.46	±1.635
German D-Mark	2.48557	2.49192	+0.26	+0.26	±1.125
French Franc	5.85522	5.85675	+0.03	+0.03	±1.3576
Dutch Guilder	2.74748	2.76211	+0.53	+0.53	±1.515
Irish Punt	0.669141	0.667986	−0.17	−0.17	±1.665
Italian Lira	1159.42	1149.67	−0.84	−0.84	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.153	3.865	500.0	9.065	3.528	4.288	1786.	2.539	62.30
U.S. Dollar	0.465	1.	1.796	232.3	4.211	1.639	1.992	829.5	1.180	28.94
Deutschemark	0.252	0.557	1.	129.4	2.346	0.913	1.109	462.0	0.657	16.12
Japanese Yen 1,000	2.000	4.305	7.730	1000.	18.13	7.055	8.575	3571.	5.078	124.6
French Franc 10	1.103	2.375	4.264	551.6	10.	3.891	4.730	1970.	2.801	68.73
Swiss Franc	0.283	0.610	1.096	141.7	2.570	1.	1.216	506.2	0.720	17.66
Dutch Guilder	0.233	0.502	0.901	116.6	2.114	0.823	1.	416.4	0.592	14.53
Italian Lira 1,000	0.560	1.206	2.165	280.0	5.077	1.976	2.401	1000.	1.422	34.89
Canadian Dollar	0.394	0.848	1.522	196.9	3.570	1.389	1.689	703.2	1.	24.54
Belgian Franc 100	1.605	3.455	6.204	802.6	14.55	5.662	6.882	2866.	4.075	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.45-13.55 per cent; three months 14.30-14.40 per cent; six months 14.30-14.40 per cent; one year 14.20-14.30 per cent.

Oct. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13⅝-13¾	12½-12¾	11-12	9⅜-9⅝	⅝-⅞	7⅛-7⅜	11½-12¼	12-13	—	4½-9
7 days' notice	13⅝-13¾	12¾-13	12-13	9⅜-9⅝	¾-1	7⅛-7⅜	11½-12¼	13-14	12⅛-12½	6⅜-7⅜
Month	13⅝-13⅞	14-14⅛	12½-12⅞	9½-9¾	1⅝-1¾	7⅛-7½	12⅜-12⅝	14-15	14⅝-14¾	7-7½
three months	14⅜-14⅝	14⅛-14⅜	13-13⅜	9⅝-9⅞	2⅜-2½	8⅛-8¼	13¼-13½	15½-16½	14⅜-14½	8⅛-8⅝
six months	14¼-14½	14¼-14½	13-13⅜	9⅝-9⅞	2½-3⅛	8⅛-8¼	13½-13¾	16-17	14⅜-14½	8-8¼
one year	13¾-14	13½-13¾	12⅝-13	9⅜-9⅝	3¼-3⅜	7⅞-8	13¼-13½	16¼-17¼	13⅞-13⅞	7½-8¼

Long-term Eurodollar two years 12-12⅜ per cent; three years 11½-11⅞ per cent; four years 11¼-11½ per cent; five years 11¼-11⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European interest rates showed no clear trend yesterday, on a day generally lacking any fresh impetus. Trading was influenced by rumours of impending increases in discount rates in Japan, the U.S. and West Germany, and these generated further uncertainty in the market. The Japanese discount rate has not moved since July, when it was pushed up to 5¼ per cent from 4¼ per cent. However recent inflationary trends and the ever increasing cost of oil imports have led to strong pressure on the yen, and most sources see a rise in the discount rate as inevitable. The West German discount rate was also increased last July, but any further rise contemplated now would almost certainly weaken the U.S. dollar quite considerably. The U.S. itself is also seen likely to maintain its recent policy of firmer interest rates, although there would appear at the moment to be several leading schools of thought as to the best possible course to take.

FRANKFURT — Call money eased to 8.35-8.45 per cent from 8.60-8.70 per cent and one-month money was easier at 8.30-8.40 per cent compared with 8.35-8.45 per cent. Three and six-month rates were firmer at 8.90-9.00 per cent and 8.76-8.80 per cent respectively, against 8.75-8.90 per cent and 8.60-8.70 per cent. 12month money was quoted at 8.15-8.35 per cent against 8.25-8.35 per cent. Contrary to market rumours the Bundesbank made no change to its credit policies after yesterday's meeting of the central council, thus *leaving the discount rate at 5 per* cent.

PARIS—Period rates showed a firmer tendency where changed, while call money remained steady at 11¼ per cent. One-month money was unchanged at 11¾-12 per cent but three-month money rose to 12⅛-12⅜ per cent from 12-12¼ per cent. Six-month funds were quoted higher at 12⅛-12⅜ per cent against 12¼-12½ per cent on Wednesday and the 12-month rate rose from 12-12¼ per cent to 12¼-12½ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 13¼-14¼ per cent against 13¼-14 per cent for one-month, and 14-14¼ per cent from 13¼-14¼ per cent for three-month. Six-month deposits were also firmer at 13¼-13¾ per cent from 13¼-13¾ per cent as was the 12-month rate at 12¼-13¼ per cent against 12¼-12¾ per cent.

HONG KONG—Conditions in the money market were easy, with call money at 7 per cent and overnight business dealt at 4 per cent.

GOLD

Steadier trend

Gold closed unchanged at $382-385 in the London bullion market yesterday. Trading was fairly active, with the metal opening at $385-388, the highest level of the day. It was fixed at $382.00 in the morning and $380.50 in the afternoon, touching a low point of $375-378 shortly after the opening of the New York market.

In Paris the 12½ kilo gold bar was fixed at FFr 52,500 per kilo ($386.16 per ounce) in the afternoon, compared with FFr 52,500 ($387.00) in the morning, and FFr 53,000 ($391.42) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 21,960 per kilo ($380.02 per ounce), compared with DM 23,310 ($386.46) previously.

	October 18		October 17	
Gold Bullion (fine ounce)				
Close	$382-385	(£177.7-179.0)	$382-385	(£178.0-179.4)
Opening	$385-388	(£179.0-180.4)	$381-384	(£177.2-178.6)
Morning fixing	$382.00	(£177.798)	$386.40	(£179.786)
Afternoon fixing	$380.50	(£176.618)	$386.00	(£179.710)
Gold Coins				
Krugerrand	$386-389	(£179-182)	$386-389	(£180-182)
Mapleleaf	$390-400	(£180-190)	$400-410	(£186-191)
New Sovereigns	$98-99	(£45½-46½)	$99-100	(£46-47)
King Sovs	$110-113	(£51-53)	$111-113	(£51½-53½)
Victoria Sovs	$111-113	(£51½-53½)	$113-115	(£52½-54½)
Fr 20 Napoleon	FFr405-419	(SFr158-163)	FFr410-425	(SFr160-168)
50 pesos Mexico	$484-489		$482-494	
100 Cor. Austria	$376-377		$376-380	
$20 Eagles	$476-478		$485-490	
$10 Eagles	$244-249		$244-249	
$5 Eagles	$219-224		$219-224	

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills and a similar amount of corporation bills as well as lending a moderate amount overnight at MLR to seven or eight discount houses. The market was faced with a small net take-up of Treasury bills to finance and a small excess of revenue transfers to the Exchequer over Government disbursements. In addition banks brought forward balances some way below target. On the other hand there was a small decrease in the note circulation.

In the interbank market overnight loans opened at 13¼-13½ per cent and rose to 13¾-14 per cent but reached 14½-15 per cent soon after. Rates then tended to fluctuate between 13¾ per cent and 16 per cent before finishing at 16-17 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	14½
Fed Funds	13½
Treasury Bills (13-week)	11.66
Treasury Bills (26-week)	11.48

GERMANY

Discount Rate	5
Overnight Rate	8.40
One month	8.35
Three months	8.95
Six months	8.75

FRANCE

Discount Rate	9.5
Overnight Rate	11.25
One month	11.9375
Three months	12.25
Six months	12.25

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.6875
Bills Discount (three-month)	7.25

LONDON MONEY RATES

Oct. 18 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13¼-17	—	—	—	14	13-14	—	—	—
2 days notice	—	—	13⅝-13⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14	13¾-14	—	14⅛	14⅛	13⅝	—	—	—
One month	13⅞-13¾	13⅞-13⅞	13⅞-14	15-14¾	14⅛	14¼	13⅜	13¼	13⅞-14	14⅛
Two months	13⅞-13¾	13⅞-14	—	14⅝-14⅜	14⅛	—	13½	13⅞	13⅞-13⅞	14⅛
Three months	13⅞-13¾	13⅞-14	14	14¼-14	14⅛	14¼	13⅝	13⅝	13⅞	14¼
Six months	13⅞-13⅝	13¾-13⅞	13⅝-14	14-13⅝	14⅛	—	—	—	13	14
Nine months	13⅝-13¼	13⅞-13⅞	—	13¾-13½	14	—	—	—	—	—
One year	13¼-13	13⅞-13⅞	13¼	13⅝-13	13¾	—	—	—	—	—
Two years	—	—	13¼-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13¾-13⅞ per cent; five years 13¾-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13½ per cent, four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13 11-64ths-13⅛ per cent; two-month 13¼-13⅛ per cent; three months 13¾ per cent. Approximate rates for one-month bank bills 13⅞-13⅞ per cent; two-month 13⅞-13⅞ per cent and three-month 13¾ per cent; one-month trade bills 14½ per cent; two-month 13¾ per cent and three-month 14⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14½ per cent from October 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills Average tender rates of discount 13.3615 per cent.

APPOINTMENTS

MERSEYSIDE COUNTY ECONOMIC DEVELOPMENT OFFICE

DIRECTOR

LONDON OFFICE

£11,451 p.a. (inc. London Weighting)

Merseyside County Council is unique among local authorities in having an Official Representative in London. Merseyside's "London Embassy" was opened in 1973 with the task of attracting industry to this area and representing the interests of Merseyside in the capital.

The County Council has now set up the Merseyside Economic Development Office (MERCEDO), to spearhead the Council's efforts to promote the economic, industrial and commercial development of the area through a vigorous marketing policy. Under this new organisation the London Director, while working within MERCEDO, is answerable on policy matters directly to the Chief Executive.

The present Director is retiring and the County Council see his successor as a rare combination of top level salesman, diplomat, lobbyist and estate agent!

A proven record in communicating with and influencing businessmen, management and the media at the highest levels is essential. Experience of central or local government and familiarity with Fleet Street, Whitehall and Westminster could be additional advantages.

Application forms, returnable by 5th November 1979, and further details from the County Personnel and Management Services Officer, Merseyside County Council, P.O. Box 95, Metropolitan House, Old Hall Street, Liverpool, L69 3EL (Tel: 051-227 5234 Ext. 2332).

Merseyside County Council

National charity seeks CHIEF EXECUTIVE OFFICER

National charity with HQ in Kensington, seeks Chief Executive Officer.
AGE: Preferably between 45 and 55.
EXPERIENCE: Knowledge of committee work and ability to speak in public essential.
DUTIES: General management: co-ordination of the work of the various departments: the drawing-up of annual estimates: budgetary control. A certain amount of travel is involved.
SALARY: By negotiation, but no less than £7,500 gross with a Top Hat pension.

Apply in writing to:
Acting Chief Executive Officer,
Distressed Gentlefolk's Aid Association,
Vicarage Gate House, Vicarage Gate,
London W8 4AQ.

Chartered Accountants

Young CAs recently qualified or CAs with five years' experience required for contracts in South Africa with well-known international firm of auditors.

Excellent salaries and fringe benefits. Married or single status.

Ring now for further details
01-543 3262

JAMES COOK UNIVERSITY OF NORTH QUEENSLAND

SENIOR LECTURER/ASSOCIATE PROFESSOR IN COMMERCE

A vacancy exists for a Senior Lecturer/Associate Professor in the Department of Commerce. Applicants must be eligible for membership of an Australian professional accountants' Association. Experience in teaching at a tertiary level and practical experience in auditing, public practice or financial management are highly desirable.

The appointee will have prime responsibility for the development of teaching and research in one or more of the areas of financial accounting, auditing, accounting-computer applications and financial management. An appointee at the level of Associate Professor will assume responsibility for co-ordinating teaching and research in an appropriate group of these areas within the Department. Liaison with the professional accounting bodies, the Institute of Chartered Accountants and the Australian Society of Accountants, will also be a responsibility of the appointee and membership of both these bodies would be an advantage.

The salary range for Senior Lecturer is $A21,858-$25,477 p.a., and the salary for Associate Professor is $A28,809 p.a.

Applications close on 30 November, 1979.

Further particulars and application forms obtainable from the Association of Commonwealth Universities (Appts.), 36, Gordon Square, London WC1H 0PF.

ACCOUNTANT

for PRIVATE HOSPITAL in SAUDI ARABIA

Required to develop a new system using low-level computer. A generous tax-free salary will be negotiated. Free furnished accommodation, free car, 4 weeks' travel-paid leave annually. Contract negotiable for one, two or three years. Terminal bonus.
REQUIRED IMMEDIATELY

Applications to:
Mr. J. Dodds
RAND
MEDICAL RECRUITMENT INTERNATIONAL
81, Piccadilly, London W1
Tel. 01-499 0942

Group Secretary

for a publicly quoted industrial group with subsidiary companies throughout the UK. The group headquarters is in the North West.

- RESPONSIBILITY is for the Group Secretariat, including insurances, pension fund administration and head office services.
- AN EXPERIENCED COMPANY SECRETARY is required, holding an appropriate professional qualification and who can demonstrate a successful record at the centre of a substantial industrial or commercial group.
- SALARY around £15,000.

Write in complete confidence to C. A. Riley as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET · LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN

Business Development

This is a senior appointment at the centre of a public group with a £25m turnover in industrial textiles and plastics. The group has strong financial resources and a firm commitment to planned growth and diversification.

- REPORTING directly to the Chief Executive, the appointment will spearhead the strategic planning and profitable development of the group and its subsidiaries in terms of existing products, new ventures and acquisitions. Success will lead to a board appointment.
- A SUCCESSFUL RECORD in industrial sales and marketing is an essential requirement. Ideally this will include a period in a similar creative role within a significant group, and some general management experience would be relevant.
- SALARY INDICATOR is well into five figures. Age: 35 plus. Location: East of Scotland.

Write in complete confidence to P. Craigie as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN
and
10 HALLAM STREET · LONDON W1N 6DJ

APPOINTMENTS

Changes at Pearl Assurance

Mr. E. T. Blythe is to become a deputy chairman of the PEARL ASSURANCE COMPANY on November 1, 1979, and Mr. T. W. Lewis is to be a deputy chairman from February 1, 1980. Mr. T. J. Leech retires as a deputy chairman and from the Board at the end of this month and Mr. A. C. Edwards retires as a deputy chairman and as a director on January 31, 1980. Mr. S. C. McIntyre will retire as president of the company and from the Board on February 29, 1980.

★

Mr. W. Morris has been appointed LLOYD'S REGISTER'S senior principal surveyor for electrical, engineering and industrial services for Australia and New Zealand. This is a new appointment which will incorporate the duties at present carried out by Mr. F. V. Whitham, principal engineer surveyor for Australia, who is retiring this month.

★

Mr. Robert E. Lynam and Mr. Derek J. Whittaker have joined the Board of ROCKWARE GROUP. Mr. Lynam is managing director of Rockware Plastics Industries and Mr. Whittaker managing director of Rockware Glass.

★

Mrs. E. Rose has been reappointed as member of the consumers' committee of the MEAT AND LIVESTOCK COMMISSION. Mr. J. M. Saunders has become a member in place of Mrs. A. M. Rees.

Mr. James Walker-Love and Mr. Leslie D. Randall have been appointed members of the MEAT AND LIVESTOCK COMMISSION. Mr. Walker-Love will also serve as deputy chairman.

★

Mr. K. A. Mack has joined McKECHNIE BROTHERS Group and will be appointed to the Board. Mr. Mack is assuming responsibility for the UK activities as managing director, McKechnie Britain. He was previously director in charge of Carborundum Europe's engineering products companies.

★

Mr. R. G. Middleton has been appointed a non-executive director of BABCOCK INTERNATIONAL. He is senior partner of Coward Chance, solicitors.

★

Mr. Peter Perry has been appointed director of training, CHEF AND BREWER. He was in the Royal Navy from 1956 to 1975 and then joined P and O.

★

Mr. T. Anthony Lewis has joined the London office of MOSELEY HALLGARTEN ESTABROOK AND WEEDEN INC., members of the New York Stock Exchange. Mr. Lewis is a director of Charles Clifford Industries and also Clairmace.

★

Mr. R. P. Hill and Mr. J. W. Bell have joined the Board of LYON LOHR HOLDINGS. Mr. R. Baden-Powell has been elected a director of Lyon de Falbe (UK).

★

WIGHAM POLAND GROUP has appointed Mr. Ian Eggleden as assistant managing director of Wigham Poland L and P and Mr. Patrick Barker has become director responsible for sales and marketing. Mr. Colin Sewell joins the Board of Wigham Poland Pension Consultants.

★

Mr. James H. Lennon, Jnr., has been appointed European director of UNITED STATES MEAT EXPORT FEDERATION at its London Office from November 5.

★

Mrs. Jean Wadds, a former Conservative MP in the Canadian Federal House of Commons from 1958 to 1968, has been appointed Canadian High Commissioner to Britain, succeeding Mr. Paul Martin, who is retiring at the end of this month.

★

Mr. Ron Bennie, managing director of Centre-file, is to take up a new appointment as general manager of the international banking division of the parent concern NATIONAL WESTMINSTER BANK in April 1980. Mr. Terry Smith will become managing director of Centre-file on January 14.

★

Mrs. Sara Morrison is to join the Board of the ABBEY NATIONAL BUILDING SOCIETY on November 1. Mrs. Morrison holds an appointment with the General Electric Company and is chairman of the National Council of Social Service.

★

Mr. A. J. Simmonds has been appointed managing director of F. MILTON AND SONS, a member company of Allied Breweries (UK). He was previously responsible for sales and marketing for Simonbuild, part of Simon Engineering of Stockport.

★

Mr. J. A. S. Clemlnson, chairman and chief executive of RECKITT AND COLMAN has been elected president of the

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Emsworth, Hants.
Telephone: 02434 2430
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A division of the BPA group of companies.

"Bloody Marvellous.. we get a problem-you get an opportunity"

Says Lyndon Humphries of Blaenau Gwent.

Like other special development areas around Britain, we could feature majestic mountain scenery or happy executives fishing for trout in wild waters... but our greatest assets are Lyndon Humphries and his mates! Many of them from Ebbw Vale Steelworks and together they established one of the finest work records in European history.

For 40 years there was no major industrial dispute at Ebbw Vale Steelworks.

Lyndon Humphries and his mates are proud of this record. They are typical of the total force of experienced workers with *different* skills, resident in Blaenau Gwent.

Financial inducements are exceptional

Normal special development area incentives are available which together with additional benefits available in a steel closure area amount to the best financial package offered to industrialists in Great Britain.

This is the opportunity that is waiting for industrial development in Blaenau Gwent—a perfect location for work close to the M4 and M5 motorways. A perfect place to live—surrounded by some of the finest unspoilt countryside in Britain, on the edge of a National Park.

Send the coupon to, or telephone, Roger Leadbeter, who will be pleased to discuss your special requirements.

BLAENAU GWENT opportunity looking for Industry-

Roger Leadbeter, Chief Executive, Borough of Blaenau Gwent, Municipal Offices, Civic Centre, Ebbw Vale, Gwent. NP3 6XB Tel: Ebbw Vale 303401

I am interested in moving to Blaenau Gwent.

Name ______ Position ______

Company ______

Address ______

COMPANY NOTICES

ANGLO AMERICAN CORPORATION GROUP ORANGE FREE STATE GOLD MINING COMPANIES

FINAL DIVIDENDS—FINANCIAL YEARS ENDING 30TH SEPTEMBER 1979

On October 18, 1979 dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on November 2, 1979, and to persons presenting the relevant coupons marked "South Africa," detached from share/stock warrants to bearer.

The transfer registers and registers of members will be closed in each case from November 3 to 16, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about December 6, 1979. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on November 27, 1979, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before November 2, 1979.

Holders of share stock warrants to bearer are notified that the dividends are payable on or after December 7, 1979, upon presentation of the respective coupons (marked "South Africa") at the offices of Barclays National Bank Limited, Stock Exchange Branch, Cnr. West and Diagonal Streets, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, Zurich, Switzerland; Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France; and Banque Bruxelles Lambert, 2 Rue de la Regence, 1000 Bruxelles, Belgium, only. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa," may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The effective rate of non-resident shareholders' tax for all the undermentioned companies is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Coupons marked "South Africa" No.	Rate of dividend per share/unit of stock
Free State Geduld Mines Limited	45	46	235 cents
President Brand Gold Mining Company Limited	49	51	180 cents
President Steyn Gold Mining Company Limited	49	50	117.5 cents
Welkom Gold Mining Company Limited	45	—	67.5 cents
Western Holdings Limited	49	—	375 cents

FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

The directors of Free State Saaiplaas have decided that no dividend will be paid by the company for the financial year ended September 30, 1979 because all available cash resources are to be utilised for the financing of the new No. 3 shaft system.

In regard to financing the No. 3 shaft system, loan facilities of up to R30 million have been granted to the company equally by President Brand Gold Mining Company Limited and Anglo American Corporation of South Africa Limited until June 30, 1980.

By Order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: R. S. EDMUNDS
Companies Secretary

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford,
Kent, TN24 8EQ.

Head Office:
44 Main Street,
Johannesburg 2001.
(P.O. Box 61587,
Marshalltown 2107)

London Office:
40 Holborn Viaduct,
EC1P 1AJ

JOHANNESBURG
October 19, 1979.

EAST RAND GOLD AND URANIUM COMPANY LIMITED

(Incorporated in the Republic of South Africa)

INTERIM DIVIDEND—FINANCIAL YEAR ENDING MARCH 31, 1980

On October 18, 1979 dividend No. 2 of 25 cents a share was declared in South African currency, payable to members registered in the books of the company at the close of business on November 2, 1979.

The transfer registers and registers of members will be closed from November 3 to 16, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about December 6, 1979. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on November 27, 1979, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before November 2, 1979.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. V. C. ASHERWOOD
Companies Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited,
62 Marshall Street,
Johannesburg, 2001
(P.O. Box 61051,
Marshalltown 2107).

Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street, Ashford,
Kent TN24 8EQ.

Head Office:
44 Main Street,
Johannesburg, 2001
(P.O. Box 61587,
Marshalltown 2107),

London Office:
40 Holborn Viaduct,
EC1P 1AJ.
Johannesburg.

October 19, 1979.

N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST (ENGLISH AND DUTCH INVESTMENT TRUST)

Established in Amsterdam

PARTICIPATION CERTIFICATES
(Issued by Royal Exchange Assurance)

NOTICE IS HEREBY GIVEN that the net asset value (unaudited) of a participation certificate as at 30th September 1979, using the official rates of exchange was pounds sterling 19.76.

By Order of the Board,
HOLLANDSE KOOPMANSBANK N.V.
Managers.

Sarphatistraat 14a,
Amsterdam C.
19th October 1979.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the 6¾% First Mortgage Debenture Stock 1986-90 of the Company will be closed from 8th to 15th November 1979, both dates inclusive.

By Order of the Board,
G. T. LOWNDES, Secretary.

71-78 Victoria Street,
Wolverhampton.

THE ROYAL BANK OF CANADA DIVIDEND No. 369

NOTICE IS HEREBY GIVEN that a Dividend of 58 cents per share upon the paid up capital of this bank has been declared for the current quarter and will be payable at the Bank and its branches on or after November 23rd, 1979 to shareholders of record at the close of business on October 24th, 1979.

By Order of the Board,
R. A. UTTING,
Executive Vice President and Chief General Manager

SOCIETE GENERALE
$US50,000,000 FLOATING RATE NOTES DUE 1991

For the three months, October 12, 1979 to January 13, 1980, the notes will carry an interest rate of 14$\frac{11}{16}$% per annum.

The interest due January 14, 1980 against Coupon No. 2 will be $US37.94 and has been computed on the actual number of days elapsed (93) divided by 360.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Av. Em.-Reuter,
Luxembourg.

PUBLIC NOTICES

DEPARTMENT OF TRANSPORT

TOWN AND COUNTRY PLANNING ACT 1971

The Minister of Transport hereby gives notice that he has made an Order under S. 209 of the above Act entitled "The Stopping Up Of Highways (City of London) (No. 3) Order 1979" authorising the stopping up of the highway known as Back Alley, EC3.

Copies of the Order may be obtained, free of charge, on application to the Department of Transport, St. Christopher House, Southwark Street, London SE1 0TE (quoting GLRT 38/5002/7/09) and may be inspected at all reasonable hours at the Guildhall, London, EC2.

Any person aggrieved by the Order and desiring to question the validity thereof, or of any provision contained therein, on the ground that it is not within the powers of the above Act or that any requirement of that Act or of any regulation made thereunder has not been complied with in relation to the Order, may, within 6 weeks of the 19 October 1979 apply to the High Court for the suspension or quashing of the Order or of any provision contained therein.

R. S. WILSON.
An Assistant Chief Engineer.

YNYS MÔN ISLE OF ANGLESEY BOROUGH COUNCIL

VARIABLE RATE REDEEMABLE STOCK 1983

The Council of Ynys Môn Isle of Anglesey announce that the half-yearly payment of interest due on 19th April, 1980 on the above stock will be at the rate of £7.5 (less income tax) per £100 stock.
18th October, 1979

BOROUGH OF BLACKBURN BILLS
£600,000 Bills due 16th January 1980 were offered on 12th October 1979 for payment on 17th October 1979. Applications at a price of £96.662 received a full allotment. Applications totalled £5.6 million. These are the only Bills outstanding.

BRIGHTON B.C.
£1.1m Bills issued 17th October 1979 due 16th January 1980 at 13$\frac{11}{16}$%. Total applications £3.8m. No other Bills outstanding.

CORPORATION BILLS
£1.5m Edinburgh Bills issued 17th October at 13$\frac{11}{16}$% to mature 16th January. Applications £12.0m. Outstanding £4.5m.

DERBY CITY COUNCIL BILLS
£900,000 due 16th January 1980, issued 17th October 1979 at a rate of 13$\frac{11}{16}$% per annum. Applications totalling £5,400,000. These are the only Bills outstanding.

TORBAY BOROUGH COUNCIL
£0.4m Bills issued 17 October due 16 January 1980, placed at 13$\frac{19}{32}$%. No other Bills outstanding.

WILTSHIRE COUNTY COUNCIL BILLS
£1,050,000 Bills issued 19 October 1979, due 18 January 1980 at 13$\frac{11}{16}$%. Applications totalled £8.90 million. These are the only Bills outstanding.

LEGAL NOTICES

The following is a notice which has been published in the Swiss Official Gazette, in accordance with Swiss Law covering the procedures under the Scheme of Arrangement for Banks and Savings Banks.

BANQUE DE CREDIT INTERNATIONAL, GENEVE.

EN LIQUIDATION CONCORDATAIRE
Selon l'article 260 LP, la masse offre la cession d'un ensemble d'avoirs droits et créances relatifs à des biens immobiliers sis au Portugal pour le prix de SwFr 1,000,000 (un million de francs suisses) à payer comptant. L'acceptation doit parvenir dans la quinzaine suivant la publication. Pour tout renseignement complementaire, s'adresser au siége de la Banque.
Genève, le 8 Octobre 1979.
Les Liquidateurs.

ANNOUNCEMENTS

Dr. & Mrs. Geoffrey Dymond have pleasure in announcing the Barmitzvah of their elder son ANTHONY SIMON on October 20th 1979.

The ceremony will take place at St. John's Wood Synagogue followed by a reception at their home in Campden Hill, W.8.

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Further early Wall St. recovery of 2.5

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—32¼% (32¼%)

Effective $2.1535 9¼% (9⅜%)

STOCKS ON Wall Street again showed a tendency to rally on technical influences in moderate early trading yesterday.

The Dow Jones Industrial Average was 2.47 firmer at 833.19 at 1 pm, while the NYSE All Common Index hardened 27 cents to $58.92 and higher issues outnumbered declines by a seven-to-five ratio. There was a further contraction in trading volume, however, to 18.51m shares from Wednesday's 20.28m.

Analysts commented, however, that investors were likely to show some caution during the afternoon ahead of the weekly banking figures, due after the stock market close yesterday.

But Newton Zinder of E. F. Hutton and Co. noted that the banking figures would be "for the week ended last Wednesday, much too soon to reflect the latest Federal Reserve move which went into effect just a couple of days earlier."

Closing prices and market reports were not available for this edition.

Analysts added that investors may pay more attention to loan demand than to money supply since the Fed is now using bank reserves to regulate growth of the money stock.

The Oil group was again strong. Analysts said investors expect oil company earnings to hold up better than in other sectors in any recession because of the great demand for their products.

Among the actives, **Texaco** added ⅜ at $29¼, **Louisiana Land and Exploration** ½ at $46½, Union Oil of California ⅜ at $47⅜ and **California Standard** ¼ at $56⅛. **British Petroleum** rose 1⅛ to $32⅝. It has been advancing since the British Government announced plans to sell some BP shares.

Active **Foremost - McKesson** picked up ⅜ to $29⅞. A group plans to offer $36 a share, or $648m, for **Foremost's** stock. *Mostek put on ⅜ to $60⅜ bid in over-the-counter trading.*

United Technologies has begun a $62 a share offer for Mostek.

...**Chrysler** gained ⅛ to $7⅞. The U.S. said the $750m aid plan submitted by Chrysler meets some of the key standards the Government requested. The Chrysler chairman told the House Banking Committee that the ailing motor manufacturer may sell stock in its finance and other subsidiaries to raise cash.

THE AMERICAN SE Market Value Index regained 1.33 more to 210.13 at 1 pm on volume of 2.02m shares (2.20m).

Canada

Many issues recovered some of their recently lost ground in fairly active dealings yesterday morning. The Toronto Composite Index recouped 13.2 to 1,633.6 at mid-day, while the Oils and Gas index picked up 48.3 to 3,225.4, Golds 35.5 to 1,983.0 and Metals and Minerals 10.7 to 1,463.4. In Montreal, Banks moved up 2.02 to 288.03, but Papers shed 0.34 to 165.78.

Cominco, which reported higher earnings, rose C$1⅛ to C$46⅞.

Tokyo

Growing investor concern about credit tightening, the U.S. dollar appreciation and Japanese political uncertainty caused a fresh sharp setback in the stock market in a moderate business.

However, export - orientated issues provided bright exceptions on expectations of increased profits emanating from the higher dollar.

The Nikkei-Dow Jones Average was down more than 100 points at one time, but managed to partially recover near the close on the strength of buying pressure for export-related stocks. The index finished at 6,427.57 for a 68.52 net decline from Wednesday, when it lost 20.53. The Tokyo SE index was finally 3.88 weaker at 449.74, while volume decreased to 260m shares from the previous day's 430m.

One source of worry for the market were published stories reporting the struggle for power within the ruling Liberal Democratic Party (LDP) following its setback in the General Election earlier this month.

Investors also feared a possible sharp increase in oil prices by OPEC at its general meeting in Caracas in December, while a broker added that concern over domestic inflation is getting serious. Most market participants are expecting that the Bank of Japan will raise the Official Discount Rate 0.75 of a percentage point if it makes the decision in November, or a full 1-per cent if the boost comes in December.

Real Estate and Insurance stocks, which had been bought as promising hedges against inflation, were sold under profit-taking pressure.

Recently-selected Oils and Trading Houses suffered heavy setbacks, with **Nippon Oil** falling Y30 to Y1,830, **Arabian Oil** Y80 to Y3,680, **Hitachi** Y8 to Y281 and **Mitsui** Y26 to Y494.

Electric Power issues were particular weak as their business is likely to be hit hard by a rise in oil prices. **Tokyo Electric Power** retracted Y51 to Y820.

However, among export-related stocks, **Sony** ended Y120 up at Y1,760, **Toyota Motor** Y12 stronger at Y890 and **Pioneer Electronic** Y50 to the good at Y1,980.

Germany

Most leading shares closed firmer after trading on low turnover, with prices pushed up in a technical reaction to recent weaknesses and by yesterday's easing on the domestic money market. The **Commerzbank** index recouped 1.9 to 754.5.

Certain Machine stocks scored significant gains, dealers speculating that the visit by China's Prime Minister Hua Kuo-Feng to West Germany might help prospects for West German heavy machinery contracts from China. **GHH** advanced DM 4.30, **KHD** DM 2.80 and **Linde** DM 1.80.

Thyssen, in Steels, put on DM 1.50, while in Chemicals **BASF** also gained DM 1.50.

Public Authority Bonds continued to weaken, recording fresh falls extending to 60 pfennigs. The Bundesbank bought a nominal DM 12.6m of stock after purchases of DM 5.5m the previous day. Mark-denominated Foreign Loans declined afresh by up to DM 1.

Paris

Stocks displayed a downward tendency in moderate activity, although there was some selective fresh "cheap" buying by institutional investors.

Market observers said some of yesterday's apprehension was caused by news that Prime Minister Raymond Barre had entered hospital for a check-up. Also weighing on the market was concern over labour unrest this week in French State-run concerns, such as the Power Utility Electricite de France. News that industrial production in France rose by 2.8 per cent in the July-August period from June did not affect investor sentiment to any significant extent, they added.

Particularly weak spots included Uinor, Eurofrance, Sias, Grans Travaux Marseille, Poclain, Thomson-Ericsson, CFP and Applications des Gaz.

CCF eased FFr 3.55 to FFr 163 following its forecast of slower second-half profits growth.

BSN Gervais-Danone, however, advanced FFr 18 to FFr 863 on announcing tripled first-half profits.

Australia

Energy stocks led markets higher, spurred on by recent oil price rises and Saudi Arabian oil minister *Sheikh Yamani's* statement that the world oil market was going out of control.

Overall market leader **BHP**, partly on its oil drilling interests, advanced 18 cents to A$9.28.

Woodside Petroleum met strong Overseas demand and climbed 11 cents to A$1.53. **Hartogen Energy** moved ahead 15 cents to A$1.90 and **Beach Petroleum** added 3 cents at 75 cents.

In the Minings sector, takeover target **EH South** advanced 13 cents to A$3.70 on renewed speculation that **CRA** would make a counter-bid to the offer by Western Mining, which gained 2 cents at A$3.33. **CRA** hardened 3 cents to A$3.51.

Among Uraniums, **Peko-Wallsend** rallied 16 cents to A$6.50 and **Queensland Mines** advanced 20 cents to A$5.50.

North Broken Holdings strengthened 15 cents to A$2.65 and **Otter Exploration** 7 cents to 63 cents, *while CSR added 10 cents at A$4.30.*

Johannesburg

Gold shares shed further ground in thin trading, with very little overseas interest noted. **Randfontein** receded R2.00 to R62.50, but **Buffelsfontein** put on 50 cents to R23.00.

Platinum and Copper issues were neglected, while Industrials were mixed to firmer in a quiet business.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

♦ DM 50 denom. unless otherwise stated. ♠ Pts 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. Φ FFr 500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs, including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK—DOW JONES

	Oct. 17	Oct. 16	Oct. 15	Oct. 12	Oct. 11	Oct. 10	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
● Industr'ls	830.72	829.62	831.06	838.39	844.62	849.32	897.61 (5/10)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	79.06	78.86	78.85	79.19	79.53	80.04	86.10 (15/8)	78.86 (16/10)	—	—
Transport..	257.65	258.86	238.46	242.88	245.86	245.28	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	102.64	102.37	102.50	103.42	102.64	101.62	109.61 (25/8)	96.51 (15/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	29,830	35,960	35,000	36,810	47,700	82,000	—	—	—	—

● Day's high 840.53 low 827.39

Ind. div. yield %	Oct. 12	Oct. 5	Sept. 28	Year ago (aprox)
	5.93	5.64	5.66	5.92

STANDARD AND POORS

	Oct. 17	Oct. 16	Oct. 15	Oct. 12	Oct. 11	Oct. 10	1979 High	1979 Low	Since Cmpl't'n High	Since Cmpl't'n Low
‡Indust'ls...	115.71	115.49	116.73	118.86	117.88	118.02	124.49 (5/10)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	103.59	103.19	103.36	104.49	106.05	105.30	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 10	Oct. 3	Sept. 26	Year ago (approx)
Ind. div. yield %	5.20	4.99	4.97	4.69
Ind. P/E Ratio	7.30	8.13	8.18	9.81
Long Gov. Bond Yield	9.75	9.30	9.16	8.58

N.Y.S.E. ALL COMMON

Oct. 17	Oct. 16	Oct. 15	Oct. 12	1979 High	1979 Low
58.65	58.50	58.60	59.29	62.88 (21/9)	53.88 (27/2)

Rises and Falls

	Oct. 17	Oct. 16	Oct. 15
Issues Traded	1,949	1,889	1,905
Rises	939	635	256
Falls	566	821	1,334
Unchanged	444	433	315
New Highs	9	8	2
New Lows	73	114	118

MONTREAL	Oct. 17	Oct. 16	Oct. 15	Oct. 12	1979 High	1979 Low
Industrial	295.58	294.97	299.97	306.47	332.12 (5/10)	219.19 (2/1)
Combined	281.72	281.51	286.19	291.34	314.65 (5/10)	225.80 (2/1)
TORONTO Composite	1620.4	1617.5	1645.2	1674.8	1804.71 (5/10)	1515.8 (2/1)
JOHANNESBURG Gold	386.0	379.0	376.2	383.7	417.1 (2/10)	228.4 (17/4)
Industrial	368.2	367.5	367.2	366.8	374.5 (2/10)	270.5 (2/1)

	Oct. 18	Pre-vious	1979 High	1979 Low
Australia (¶)	559.58	553.79	592.63 (2/10)	545.72 (2/1)
Belgium (‖)	107.91	108.81	109.47 (5/10)	98.80 (3/1)
Denmark (**)	92.12	92.28	97.46 (25/7)	88.32 (8/1)
France (††)	94.5	94.6	107.1 (8/10)	71.5 (15/2)
Germany (‡‡)	754.5	752.6	839.6 (16/1)	719.4 (7/6)
Holland (§§)	73.1	72.7	85.9 (24/1)	71.5 (1/6)
Hong Kong (¶¶)	657.74	650.96	685.88 (3/10)	493.85 (2/1)
Italy (‖‖)	87.15	87.04	93.85 (4/10)	68.36 (2/1)
Japan (a)	449.74	453.62	465.24 (29/9)	435.1 (15/73)
Singapore (b)	407.51	408.73	423.56 (3/10)	346.54 (23/3)
Spain (d)	88.2	89.28	111.96 (9/3)	88.78 (4/10)
Sweden (e)	340.50	339.91	401.34 (6/2)	331.3 (24/9)
Switzerld (f)	320.4	321.4	329.1 (2/5)	294.0 (3/1)

All indices have base values of 100 except NYSE All Common—50; Standards and Poors—10 and Toronto—1,000. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 29/12/78. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
IBM	502,400	63⅝	−⅛
Colt Inds.	267,400	43½	+⅛
Xerox	266,600	60	−½
Exxon	259,700	57½	+⅛
Allied Chemical	244,000	42⅜	+⅜
Cmmwlth. Edison	232,700	22⅞	−⅛
Occidental Pet.	231,600	26	+⅛
Eastman Kodak	220,800	51½	+½
Louisiana Land	217,800	44⅝	+1
Std. Oil Indiana	217,100	73⅞	[illegible]

Financial Rand U.S.$0.87½

(Discount of 27½%)

Selling wave hits coffee

BY RICHARD MOONEY

A NEW wave of selling pushed coffee prices still lower on the London futures market yesterday. The January quotation ended the day £51.5 lower at £1,743.5 a tonne and has now fallen nearly £100 so far this week.

Dealers attributed the fall to a general sell-off, possibly led by the "Bogota Group" of Central American producers, which has recently been unloading much of the coffee gathered through its price support buying in recent months.

Nearby values opened about £20 down *reflecting the overnight fall in New York*. After a further fall values rallied somewhat late in the morning but the downward trend was resumed in the afternoon when prices opened still lower in New York.

Chart selling and profit-taking added to the downward pressure.

In Hamburg meanwhile, coffee importer Bernhard Rothfos warned that the deficit in available green (unroasted) coffee *supplies could rise to between* 1.5m and 2m bags (60 kilos each) in the next two months.

Stocks held in consuming countries were falling quickly, he said, and many producing countries had already sold all their coffee.

London dealers commented, however, that Mr. Rothfos' remarks seemed to have had little effect on market sentiment.

Taxes anger Brazilian growers

FINANCIAL TIMES REPORTER

BRAZIL'S COFFEE growers are becoming increasingly vociferous in their protests at Government policy. On October 11, producers in Franca, Sao Paulo state, burnt a symbolic 16 bags of the product in the street.

Earlier in the month, producers in Minas Gerais threatened to abandon their previous tactics such as letters of protest to the Government in favour of more radical action, ranging from the pulling up of coffee plants to the fomenting of strikes among rural labourers.

The main bone of contention is the contribution quota (export tax) levied by the Brazilian Coffee Institute (IBC). This has now reached $140 a bag, which together with other taxes means than 60 per cent of the market price for a bag of coffee goes to the Government.

At the same time, the Agricultural Federation of the State of Sao Paulo (FAESP) estimates that production costs are presently Cr$3,500 a bag ($101), while the IBC's support price is only Cr3,000 ($93). According to FAESP's calculations, producers are losing around $12 a bag.

Although the support price is to go up in January to Crs 3,800 ($118), growers will be forced to sell the bulk of their crop before then to pay off their debts with the Banco do Brasil. Failure to do so would automatically cut them off from financing facilities for next year's crop.

According to a recent study by the Parana State agriculture department, while support prices for coffee have risen 20 per cent since 1976, the cost of fertiliser, which represents 20 per cent of overall production costs, has risen 400 per cent. Another study puts the increase in tractor prices in the period at 259 per cent, petrol prices, 222 per cent, and diesel 300 per cent.

Furthermore, the Government has raised the support prices on other agricultural products by considerably greater margins —49 per cent on cotton and 110 per cent on soya. This is leading to a gradual abandonment of coffee, particularly in the case of Parana state.

In Sao Paulo state, there is a real danger of traditional coffee areas being turned over to the production of sugar cane, which is currently benefiting from incentives in the Government's alcohol programme, which is developing cane-extracted ethanol as an alternative fuel.

While all these other crops may be useful in themselves, Brazil cannot afford to see a major reduction in the earnings from her major export, which this year should earn around $2.5bn.

The official reaction to the producers' protests has so far been remarkably calm.

Meanwhile, the high taxation level on coffee is blamed for the growth of smuggling, which this year could cost the IBC as much as $500m in lost revenue.

While the legal channels for selling his product leave the coffee grower with some $121 a bag, smugglers are offering a more tempting $130, and reselling in Paraguay for twice that price. Thus Brazil's neighbour, which has an annual coffee crop of some 80,000 bags, can achieve export figures of 170,000 bags for 1978, and an estimated 750,000 bags in 1979.

While Brazil may not see much of her coffee export earnings literally going up in smoke as in the case in Franca, she may well find that much of the fiscal returns on coffee will continue to disappear across the Parana river, unless there is a rethink of producer taxation policy.

French imports swamp British apple market

BY OUR COMMODITIES STAFF

A FLOOD of Golden Delicious apples from France has swamped the British market, depressed prices and forced many British growers to hold their crop in store in the hope that conditions may improve later in the season.

So far this season imports from France are 36 per cent higher than at the same time last year.

To help counter the threat of imports to the future of the British industry, growers and leading farm and market organisations, including the National Farmers' Union and the Apple and Pear Development Council have formed a new study group.

This Top Fruit Working Group will undertake urgent studies and plan a strategy to protect UK growers.

"From this strategy action can be taken in the present apple market, particularly of climate of voer-supply of the French Golden Delicious apples, to ensure that confidence is returned to the whole of the industry," the group sadi in a statement.

Milk sales hit by cornflake 'famine'

By Our Commodities Staff

THE SHORTAGE of cornflakes caused by the Kelloggs strike led to a 2 per cent fall in milk consumption during September, the Milk Marketing Board said yesterday.

Confirming a report from Mr. Peter Walker, Minister of Agriculture, that milk sales fell 3 per cent last month, the Board said research had proved that two-thirds of the fall could be attributed to the lack of breakfast cereals.

The remaining part of the reduction was in line with the overall trend in sales for the year so far, it said.

The fall in liquid sales, *tempered slightly by a 0.3 per cent reduction* in the amount of milk sold off farms during the month, led to a further surge in the amount going to creameries for production of butter and cheese.

During the 12 months to the end of September creameries have processed 4.6 per cent more milk than in the comparable period in 1977-78.

Higher French farm output predicted

PARIS—French agricultural production will be an estimated 4 per cent higher this year than last year, the president of the Assembly of Chambers of Agriculture, M. Louis Perrin, said yesterday.

He forecast that animal production would increase by 5.6 per cent, while cereal and vegetable output would rise 2.8 per cent.

Producer prices would rise by 6.8 per cent in 1979 compared with a 9 per cent increase in EC farm prices, he said.

Cereal and vegetable prices were expected to rise 9.2 per cent including a 6.5 per cent rise for cereals and a 13 per cent rise for vegetables. Meat prices would increase by 4.8 per cent, M. Perrin said.

He estimated gross overall farm revenue this year would decline 1.7 per cent in real terms taking inflation at 10 per cent, but said uncertainties remained about market movements up to the end of the year and about producer costs.

Reuter

UK AGRICULTURE

Mr. Walker's policy puzzles

BY CHRISTOPHER PARKES

MR. PETER WALKER, now five months into his new job as Minister of Agriculture, is still having some difficulty finding his feet and building happy relationships with the industries for which he is responsible, his partners in Europe and even some of his Conservative colleagues.

Not that he isn't working hard at public relations. He has recently been appearing at press conferences, campaign launches and other occasions—*some of uncertain value*—with such frequency that he has been compared rather unkindly with the girl who could not say "no."

But while his face is now well known, many details of his policies remain largely a mystery among many industry leaders who feel they have a right to know what he is planning.

It is possible that farm unions, food processors and the fishing industry were rather spoiled by Mr. Walker's predecessors. Both Mr. Fred Peart (now Lord Peart) and Mr. John Silkin, tended to take industry fairly fully into their confidence. Under the new regime, however, the industries involved confess to puzzlement.

The British Fishing Federation, for example, commented that puzzled people tend to grow suspicious and fearful. It has asked for a meeting with the Minister to learn what he is planning to do in the negotiations for reform of the Common Fisheries Policy.

"We are undoubtedly very concerned that there is a new strategy being developed on which we have not been fully consulted," the Federation said.

Food processors, too, are bemused. They appreciate Mr. Walker's concern that all the links in what he terms "the food chain"—farmers, manufacturers and retailers—should co-operate more closely in the past and end their public squabbles.

One leading food industry spokesman remarked that while this was a fine sentiment, the Minister appeared unable to see there were great differences between the interests of the various links in the chain. He was also concerned that the Minister appeared to be "a bit hooked" on the National Farmers' Union line."

"Given time, he might come round, but in the meantime it might cost us quite a bit," he concluded.

The dairy industry, for example, was severely shaken this week by Mr. Walker's announcement that it was going to have to pay more for wholesale milk supplies from farmers, but would not be able to recoup the extra cost through a retail price increase.

Within Conservative Party circles, Mr. Walker is striving to establish the validity of his political credentials. His position on the party "line" and his former strong association with Mr. Edward Heath have not made life easy for him, and he suffers the handicap borne by all Agriculture Ministers, since EEC entry, of being closely watched by the Foreign Office.

At the recent party conference he strove to divorce himself entirely from the policy lines adopted by his predecessor. In tones which are reliably reported to have upset the hard-nosed Mr. Silkin he blasted the former Minister with every rhetorical shot in his locker.

In the real world, round the Council of Ministers' table, he has discovered, however, that it is far from easy to avoid becoming frustrated and angered by intransigent Europeans who have so often belaboured Britain for its lack of sympathy towards the Community.

After this year's farm price review he was warmly welcomed to the Farm Ministers' "club" by Herr Josef Ertl, the German negotiator.

Was he being congratulated, or gently mocked? The price package, proclaimed such a success by Mr. Walker, was certainly roundly criticised by Finn Gundelach, the EEC Agriculture Commissioner, and greeted with shock by the Food Manufacturers' Federation at home.

We now have to wait until next spring to see how much further the direction of the policy can be altered and how Mr. Walker's radical resolve stands up to pressure from France and Germany.

At present the Minister is immersed in developing a new approach to the urgent reform of the Common Fisheries Policy.

At confidential bilateral talks he has been attempting to lay the foundations of a consensus within the council, and, we are told, he has met with some success and is being urged along this promising pathway by the Commission in Brussels.

Negotiations of this nature cannot be conducted with the Press and lobby groups peering over the Ministerial shoulder and while Mr. Walker should make his intentions public to some extent in the near future, he is plainly not yet ready.

The fishing industry might care to consider the probability that its privileged position at the ear of Mr. Silkin was as much a manifestation of the former Minister's obduracy and lack of constructive ideas as of its influence [illegible]. [illegible] his dangerous legacy. The process may seem puzzling, and even suspicious, to the fishing industry, but at this stage there is too much at stake politically for Mr Walker to risk being viewed as [illegible] the mouthpiece for the special pleadings of a powerful commercial lobby.

Malaysia expects tin price cut

BY OUR COMMODITIES STAFF

MALAYSIA IS likely to earn less from its tin exports next year, according to the country's Finance Ministry.

While export volume is expected to remain at around 74,000 tonnes average unit value will probably decline to about 1,750 ringgit a picul from an estimated 1,850 ringgit this year, the Ministry said in its annual economic report, published yesterday.

This forecast assumed a marginal supply rise resulting from the proposed U.S. stockpile release. No significant rise in world demand for tin is expected.

The Ministry estimates that Malaysian tin output will rise to 65,000 tonnes in 1980 from 64,000 this year.

Tengku Razaleigh, the Finance Minister, announced meanwhile that Malaysia would adopt a new method of setting export duties for commodities, including tin, involving what he called a "cost-plus concept."

For tin, the duty will now start at 20 per cent when the price is above 1,200 ringgit a picul and will rise by 5 per cent for every 50 ringgit rise. The maximum will be 50 per cent when the price is above 1,500 ringgit.

At the same time the tin profit tax is being increased to 15 per cent from 12.5 per cent for profits exceeding 400,000 ringgit.

● In La Paz, Bolivian Mines Minister, Sr. Oscar Bonifaz, has again warned of the potential cost to his country of the U.S. plan to dispose of 35,000 tons of stockpiled tin.

He estimated that resulting lower world tin prices would reduce Bolivia's export income by $78m over the next year. Such a move by the U.S. would harm Bolivia's economy and threaten its fragile democracy, Sr. Bonifaz said.

On the London Metal Exchange, tin prices held steady yesterday after the sharp decline in the cash price on Wednesday. The three months quotation closed £60 up at £7,235 a tonne.

Strike starts at nickel refinery

By Our Commodities Editor

WORKERS AT Inco Europe's nickel refinery at Clydach, South Wales, voted yesterday to reject the company's last offer on terms of a new annual contract and to continue the strike that started on Wednesday midnight. No new talks are planned.

The company announced earlier this week it was closing the refinery in anticipation of the strike—a necessary precaution with a continuous operation plant.

It is understood that there are stocks in Europe and production could be stepped up at Inco's Canadian refineries.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on the London Metal Exchange although prices finished well below their best. The market was more subdued than of late, but there were no new features. Forward metal started at £930 before falling back to £926 and then climbing to £934. Thereafter the tone was easier and £915 was touched before a recovery to around £925 and a close on the Kerb of £917. *Turnover 15,025 tonnes.*

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	923-4	+16	914-6	+5
months	933-5	+21.5	927-8	+10½
Settlem't	924	+18	—	......
Cathodes				
Cash	*915-7*	*+18.5*	909-11	+5.5
months	920-1	+22	911-3	+7.5
Settlem't	917	+18	—	......
U.S. Prod	—	......	95-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £918, 22, 24, three months £932, 31, 30, 29, 28, 27, 28, 29, 28, 30, 31, 32, 31, 32, 33, 34. Cathodes, cash £919, 18, three months £920, 21. *Kerb: Wirebars, three months* £930, 29, 30, 31, 30, 29. Afternoon: Wirebars, three months £925, 24, 26, 25, 26, 27. Kerb: Wirebars, three months £924, 23, 22, 21, 20, 22, 21, 20, 19, 17, 16, 17, 16.

TIN—Moved quietly but the backwardation narrowed, mainly on lack of interest. Forward metal started at £7,220 and fell to £7,190 helped by hedge selling before recovering to £7,240 and a close on the Kerb of £7,230. Turnover 625 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7470-90	+15	7440-60	......
3 months	7210-30	+102	7230-50	+65
Settlem't	7490	+20	—	......
Standard				
Cash	7470-90	+15	7440-60	......
3 months	7210-5	+100	7230-40	+60
Settlem't	7490	+20	—	......
Straits. E.	‡$1999	+4	—	......
NewYork	—	......	—	......

Morning: Standard, cash £7,500, 7,485, 80, three months £7,220, 10, 20, 7,200, 7,190, 7,210. Kerb: Standard, three months £7,200. Afternoon: Standard, cash £7,480, 50, three months £7,190, 7,220, 30, 40. Kerb: Standard, three months £7,230.

LEAD—Easier as the forward price fell back from a pre-market level of £615-£617 on influential selling to trade between £605 and £611. The close on the Kerb was £607.5. Turnover 6,325 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	617-8	—6.5	618-21	—8
3 months	608-9	—8	609-10	—3.5
S'ment	618	—7	—	......
U.S. Spot.	—	......	*58-65	......

Morning: Cash £621, 20, 18, three months £616, 15, 14, 13, 12, 11, 10, 9, 8, 9. Kerb: Three months £608, 9, 8, 7. Afternoon: Three months £608, 9, 11, 10, 9. Kerb: Three months £607, 8, 9, 8.

ZINC—Little changed after a day of routine trading which started with *forward metal at a high of £321-£323. The price drifted down uneventfully* to close on the Kerb at £317.5. Turnover 3,825 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	308.5-10.5	—.5	308-10	—1.5
3 months	319-20	—1	318.5-9	—1.75
S'ment	310.5	—.5	—	......
Prim w'st	—	......	*37	......

Morning: Cash £310, three months £320, 19, 18, 19, 20, 19. Kerb: Three months £319, 20. Afternoon: Three months £321, 20, 19, 18.5. Kerb: Three months £318, 17, 18.

ALUMINIUM—Firmer as forward metal rose from £772 to £781 after some stop-loss buying, reflecting the *early firmness of copper. The nearby* situation remained tight. But the highest levels could not be maintained and the price slipped to close on the Kerb at *£777*. Turnover 4,225 tonnes.

Alumn'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	815-23	+5.5	822-5	+8.5
3 months	772-3	+11.5	777-8	+11

Morning: Three months £774, 73, 72, 73, 72, 73. Kerb: Three months £771, 70, 71. Afternoon: Cash £825, 30, three months £778, 75, 73, 77, 78, 77, 76, 77. Kerb: Three months £779, 81.

NICKEL—Subdued as forward metal started at £2,780-£2,810, rose to a high for the day of £2,830 and then slipped *to close on the Kerb at £2,810. Turnover 594 tonnes.*

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2765-85	+57.5	2770-80	+35
3 months	2800-10	+25	2810-30	+45

Morning: Three months £2,800. Kerb: Three months £2,810, 2,800. Afternoon: Three months £2,830, 10, 20. Kerb: Three months £2,825, 10.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

COMPANY NOTICES

Notice to Bondholders

Norsk Hydro a.s.

9% Bonds due 1991

Notice is hereby given, that pursuant to condition 1 of the Bonds, Swiss Bank Corporation at its Head Office, 1, Aeschenvorstadt, 4002 Basle, has been appointed as an additional paying agent in Switzerland.

Presentations can continue to be made at the office of Swiss Bank Corporation, Paradeplatz 6, 8022 Zurich.

Norsk Hydro a.s. by
The Chase Manhattan Bank
N.A., London,
Principal Paying Agent.

October 1979.

TORAY INDUSTRIES, INC.
(formerly Toyo Rayon Co. Ltd.)

United Kingdom shareholders are advised that copies of the Annual Report for the year ended 31st March, 1979, are now available from—
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London, EC2P 2DL.

19th October, 1979.

NITTO ELECTRIC INDUSTRIAL CO., LTD.

US$15,000,000 6 PER CENT CONVERTIBLE BONDS 1992

and

US$20,000,000 6 PER CENT CONVERTIBLE BONDS 1994

The Fuji Bank and Trust Company, as Principal Paying Agent and on behalf of Nitto Electric Industrial Co., Ltd., hereby gives notice to the holders of the above-mentioned Bonds that The Fuji Bank, Limited, of Salisbury House, Finsbury Circus, London EC2P 2JH, a Paying Agent for the payment of principal and interest in respect of the Bonds, will change its specified office with effect from 22nd October, 1979, to the following address:

25-31 Moorgate,
London, EC2R 6HQ.

Notice of Rate of Interest
HILL SAMUEL GROUP LIMITED

U.S.$30,000,000
FLOATING RATE NOTES DUE 1992

In accordance with the provisions of the Agent Bank Agreement between Hill Samuel Group Limited and Citibank, N.A., dated October 17, 1979, notice is hereby given that the Rate of Interest for the initial 3 month period has been fixed at 14⅝% p.a. and that the interest payable on the relevant Interest Payment Date, January 21, 1980, against Coupon No. 1 will be U.S.$38.19 and has been computed on the actual number of days elapsed (94) divided by 360.

By: CITIBANK, N.A.
Agent Bank.

October 19, 1979.

SILVER

Silver was fixed 25.6p an ounce lower for spot delivery in the London bullion market yesterday at 754.5p. U.S. cent equivalents of the fixing levels were: spot 1,621.0c, down 59.0c; three-month 1,669.0c, down 57.8c; six-month 1,693.5c, down 53.9c; and 12-month 1,755.1c, down 53.7c. The metal opened at 775-800p (1,675-1,725c) and closed at 765-780p (1,650-1,700c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	754.50p	—27.3	770.5p	+2
3 months	776.00p	—27.1	790.5p	+2
6 months	786.50p	—28.8	—	
12months	815.90p	—28.2	—	

LME—Turnover 100 (165) lots of 10,000 ozs. Morning: Cash 770, 67, 68, 67. Three months 792, 94, 91, 88. Kerbs: Three months 788, 85, 80, 82. Afternoon: Three months 785, 87, 88, 90. Kerbs: Three months 789, 90, 88.

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only): Oct. 222.0, unquoted; Dec. 218.0, 238.0; March, May, July, Oct., Dec., March, May all 228.0, 238.0. Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): Dec. 195.0, 208.0; March, May, July, Oct., Dec. 204.0, 208.0; March, May 204.0, 210.0. Sales: nil.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron Contract: Oct. 442.0, 445.0, 442.0-440.0, 15; Dec. 444.0, 445.0, [illegible]

444.0-436.0, 102; March 458.0, 459.0, 459.0-448.0, 179; May 463.0, 464.0, 463.0-452.0, 146; July 464.0, 465.0, 465.0-456.0, 71; Oct. 465.0, 466.5, 465.0-458.0, 50; Dec. 465.0, 466.5, 462.0-458.5, 38; March 465.0, 466.5, 463.0-461.0, 19. Sales: 620.

COCOA

Cocoa futures remained steady during *the morning session, based on continuing fears of late new crop shipments* from the Ivory Coast and Nigeria. During the afternoon Commission House selling caused prices to ease with March trading at a new contract low of £1,402. Values rallied during the final call to close the day with marginal losses overall. Actual dealings were modest with both origins and consumers withdrawn, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	1393-1395	—4.5	1421-1391
March	1415-1416	—1.0	1434-02
May	1436-1438	—2.5	1454-26
July	1457-1460	—4.0	1478-51
Sep	1481-1483	—4.5	1501-1477
Dec	1512-1513	—6.0	1588-15
March	1532-1545	....	—

Sales: 3,111 (6,740) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price Oct. 17: 134.49 (138.15); Indicator price Oct. 18: 15-day average 144.54 (145.33); 22-day average 144.92 (145.48).

COFFEE

Robustas opened weaker than due, as stops were touched with the trade selling into new lows. Some profit-taking checked the market slightly before reaching £40 down from Wednesday, reported Drexel Burnham Lambert. The late morning session saw steady trade buying and values retraced 50 per cent or more in good volume. The afternoon again saw values weaken in mixed dealings to reach new lows in very erratic conditions and good volume to finally close £50-£84 down from Wednesday night.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
November	1708-10	—61.5	1748-08
January	1743-44	—51.5	1782-42
March	1722-23	—58.0	1764-15
May	1695-0	—72.0	1747-00
July	1682-05	—85.5	1744-34
Sept.	1700-30	—84.0	1744-29
November	1690-20	—84.5	1734

Sales: 9,838 (6,563) lots of 5 tonnes.

ICS indicator prices for October 17 (cents per pound): Other Mild Arabicas 204.50 (208.33). Robustas ICA 1976 182.00 (183.25). Robustas ICA 1968 183.50. Unwashed Arabicas 210.00 (same). Comp. daily ICA 1968 200.17 (201.22).

GRAINS

WHEAT	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov	94.95	+0.10	92.65	......
Jan	99.20	+0.10	97.10	+0.05
Mar	103.05	+0.10	100.45	+0.05
May	105.20	+0.15	103.45	+0.10
Sep	98.45	+0.05	92.60	+0.05

Business done—Wheat: Nov. 95.00-94.90, Jan. 99.45-99.10, March 103.10-102.95, May 105.20-105.05, Sept. 98.55. Sales: 456 lots of 100 tonnes. Barley: Nov. 92.70-92.50, Jan. 97.10-96.95, March 100.50-100.20, May 103.45-103.20, Sept. 95.35-95.35. Sales: 481 lots of 100 tonnes.

HGCA—Location ex-farm spot prices. Other milling wheat: S. East 101.10, W. Midlands 99.00, N. West 99.30. Feed barley: S. East 92.40, S. West 90.80, W. West 92.80.

The UK Monetary Coefficient for the week beginning Monday, October 22, is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Oct. 103.25, Nov. unquoted, Dec. 107.75 transhipment East Coast. U.S. Hard Winter, 13½ per cent, Oct. 104.45, Nov. unquoted, Dec. 108.00 transhipment East Coast. EEC unquoted. Maize: U.S./French unquoted. S. African White unquoted. S. African Yellow Oct.-first half Nov. 78.50, second half Nov. 79.00. Barley: English Feed fob Nov. 98.50, Dec. 100.00 East Coast sellers. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

RUBBER

The London physical market opened easier. With little interest throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 279 (281) cents a kg (buyer, November).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Nov.	60.90-60.95	60.80-61.00	60.90
Dec.	61.90-62.10	62.10-62.20	62.00-61.80
Jan-Mar	63.95-64.00	64.00-64.05	63.95-63.60
Apr.-Jne	66.90-66.95	66.90-66.95	66.95-66.55
Jly.-Sept	69.35-69.40	69.35-69.40	69.50-69.00
Oct-Dec	71.85-71.90	71.90-72.05	—
Jan-Mar	74.35-74.40	74.40-74.50	—
Apr-Jne	76.90-76.95	76.90-77.00	77.00-76.90
Jly.-Sep	79.40-79.45	79.50-79.55	79.45-79.25

Sales: 333 (251) at 15 tonnes, 28 (5) at 5 tonnes.

Physical closing prices (buyer) were: Spot 60.50p (same); Nov. 63.60p (same); Dec. 64.50p (64.75p).

SOYABEAN MEAL

The market opened with gains of 50p *as prices steadied following recent* declines on short covering and fresh long positions. Rain in the Mid-West of America delaying the wind-up of harvest added some support to the market which finished with small gains, reported T. G. Roddick.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
October	114.00-18.5	+0.65	—
December	119.10-19.2	+0.55	119.30-18.40
February	120.90-21.2	+0.55	121.30-20.50
April	122.00-22.2	+0.45	122.20-22.10
June	123.50-24.0	+0.30	—
August	125.80-26.8	+0.50	—

Sales: 88 (67) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £143.00 (same) a tonne cif for Oct.-Nov. shipments. White sugar daily price was £152.00 (same).

Early losses were soon erased and a sharp improvement occurred following a report of a tender in Iran over the week-end for the purchase of 100,000 tonnes white sugar for shipment during November and January. Gains of £4.25 were recorded from the lows of the morning before heavier selling emerged and the market fell back, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]

Sales: 4,311 (6,643) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.35 (same) a tonne for home trade and £217.00 (£218.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for October 17: Daily price 12.32 (12.33); 15-day average 11.32 (11.04).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales). [illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to 38 tonnes, bringing the total for the week so far to 591 tonnes. Lack of enterprise continued throughout the market, resulting in only a very small offtake. Dealings were confined to minor quantities of North and South American growths.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 18 1979	+ or —	Month ago
Metals			
Aluminium	£750/60	....	£710/50
Free Mkt (es)	$1650/1670	+20	$1568/80
Copper			
Cash w'bar	£915	+5	£922.0
3 mths	£927.5	+18.75	£920.5
Cash Cathode	£910	+5.5	£900.0
3 mths	£912	+7.5	£900.0
Gold troy oz.	$385.5	....	$372.0
Lead cash	£619	—8	£548.5
3 mths	£609.5	—3.5	£547.5
Nickel	£3,060.62	....	£2,959
Freemkt(cif (lb	255/288c	....	250/275c
Platin'mtr'y oz	£181.0	....	£181.0
Free mkt	£225.60	+1.6	£206.45
Quicksil'ver	$320/330	—7.5	$295/310
Silver troy oz	754.50p	—27.3	722.10p
3 months	776.00p	—27.1	743.10p
Tin Cash	£7,450	....	£6,990
3 mths	£7,235	+60	£6,952.5
Tungsten	$142.36	....	$140.73
Wolfrm 22.04 cif	$141/146	....	$143/148
Zinc cash	£309	—1.5	£336
3 months	£318.75	—1.75	£345
Producers	$780	....	$780
Oils			
Coconut (Phil)	$920.0r	—10	$940
Groundnut	‡	....	‡
Linseed Crude	£396	....	£435
Palm Malayan	$595.00*	—5	$635.0
Seeds			
Copra Philip	$605r	....	$612.5
Soyabean(U.S.)	$280.50	+2.5	$298.65
Grains			
Barley Futures	£97.10	+0.05	£92.95
Maize			
French No3AM	‡	....	£110.50
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	£104.45	+1	£103.90
Eng. Millingt	‡	....	£95.0
Other commodities			
Cocoa ship.t	£1,480	—4	£1,627
Future Mar.	£1,415.5	—1	£1,536.5
CoffeeF't'rJan.	£1,743.5	—51.5	£1,884-5
Cotton A.Index	78.35c	+0.10	77.70c
Rubber (kilo)	60.50p	....	60.75p
Sugar (Raw)	£143.0	....	£117.0
Wooltp's 64s kl	286p	—9	272p

* Nominal. † Newcrop. ‡ Unquoted. p Oct.-Nov. q Nov. r Nov.-Dec. s Dec. t Jan. z Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 65.0; Eire hindquarters 68.0 to 71.0, forequarters 42.0 to 44.0. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 46.0 to 54.0, medium 48.0 to 51.0, heavy 40.0 to 46.0; Scottish medium 46.0 to 51.0, heavy 40.0 to 46.0. Imported frozen: NZ PL 51.5 to 52.0, PM 47.0 to 48.0. Pork: English, under 100 lb 36.0 to 46.0, 100-120 lb 39.0 to 44.0, 120-160 lb 38.0 to 43.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 19. GB cattle 74.86p per kg.l.w. (—0.65). UK sheep 116.4p per kg.est.d.c.w. (—0.5). GB pigs 70.9p per kg.l.w. (—1.4). England and Wales: Cattle numbers up 18.5 per cent, average price 74.53p (—0.67). Sheep numbers down 11.8 per cent, average price 117.1p (—0.1). Pig numbers down 9.7 per cent average price 70.9p (—1.4). Scotland: Cattle numbers up 7.1 per cent, average price 75.73p (—0.53). Sheep numbers up 5.1 per cent average price 112.8p (—2.5).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. [illegible]

AMERICAN MARKETS

NEW YORK, October 18.

GOLD AND silver, after showing sharp losses early in the day on weakness in London, rallied sharply late in the session on reports of Iraq having raised its oil price, to close steady to higher on the day. Copper closed lower on light trade selling and profit-taking. Coffee and cocoa closed with sharp losses on Commission House liquidation and fresh chart selling. *Cotton showed losses on trade selling*, while sugar rose sharply on reports of an Iranian sugar tender which brought in Commission House and trade buying. Grains and soyabeans closed moderately lower, still looking for direction in the general economic outlook. The livestock complex closed mixed with cattle showing the best gains on evening-up ahead of the U.S. cattle-on-feed report, Heinold reported.

Copper—Oct. 86.00 (86.80), Nov. 88.40 (87.20), Dec. 87.50-87.80, Jan. 88.00, March 88.70-88.90, May 89.20, July 89.90, Sept. 90.20, Dec. 90.80, Jan. 91.00, March 91.40, May 91.80, July 92.20, Sept. unquoted.

Coffee—"C" Contract: Dec. 205.00-205.50 (385.30), March 192.50-193.25 (388.00), May 187.50-189.00, July 189.00-190.00, Sept. 189.00-189.40, Dec. 185.00, March 185.10-189.00.

*Gold—Oct. 388.00 (385.30), Nov. 388.50 (388.00), Dec. 393.00-394.00, Feb. 403.80, April 411.00, June 421.10, Aug. 430.00, Oct. 438.60, Dec. 445.00, Feb. 455.20, April 461.00, June 471.60, Aug. 479.80. Sales: 20,000.

*Platinum—Oct. 498.00 bid (486.60), Nov. unquoted (unquoted), Dec. unquoted, Jan. 499.00-501.50, April 502.90, July 506.00, Oct. 512.30, Jan. 516.10, April unquoted. Sales: 1,916.

Potatoes (round whites)—Nov. 61.5-62.4 (62.1), March 72.5-75.0 (73.0), April 92.5, May 100.0-100.4. Sales: 818.

¶Silver—Oct. 1715.0 (1695.0), Nov. 1720.0 (1710.0), Dec. 1740.0-1755.0, Jan. 1773.0, March 1808-1922.0, May 1840., July 1865.0, Sept. 1886.5, Dec. 1916.0, Jan. 1925.5, March 1945.0, May 1964.5, July 1984.0, Sept. unquoted. Handy and Harman bullion spot 1650.00 (162.00).

Tin—776.00 asked (770.00-777.00).

CHICAGO, October 18.

Lard—Chicago loose 24.25 (24.50).

Live Cattle—Oct. 64.70 (63.30-64.70). New York prime steam unavailable. Dec. 67.75-67.30 (66.85-67.52), Jan. 68.50, Feb. 69.57-69.25, April 70.15-70.05, June 72.00-71.50, Aug. 71.00, Oct. 70.00, Dec. 72.10. Sales: 22,863.

Live Hogs—Oct. 35.75-35.80 (35.87-35.77), Dec. 36.10-36.20 (36.25-36.15), Feb. 37.90-38.10, April 36.40-36.50, June 40.00, July 41.10, Aug. 39.80-40.00, Oct. 39.30, Dec. 41.35. Sales 6,989.

‡‡Maize—Dec. 278-278¾ (279½), March 293½-293¾ (294½), May 302¾-302½, July 309, Sept. 311¾, Dec. 314½.

Pork Bellies—Feb. 42.90-43.00 (42.85-42.95), March 43.05-43.00 (43.12-43.02), May 44.50-44.25, July 45.25, Aug. 43.90. Sales: 4,676.

Silver—Oct. 1710.0 (1692.0), Nov. 1720.0 (1704.0), Dec. 1744.0-1749.0, Feb. 1776.0-1775.0, April 1807.0, June 1860.0, Aug. 1890.0, Oct. 1917.5, Dec. 1937.0, Feb. 1957.5, April 1978.0, June 1998.5, Aug. 2119.0, Oct. 2079.5, Dec. 2060.0, Feb. 2080.5, April 2101.0, June 2121.5, Aug. 2142.0.

‡Soyabeans—Nov. 661-669 (662), Jan. 680½-681 (683), March 701½-701, May 720½, July 736, Aug. 742-740½, Sept. 737, Nov. 740½.

‖Soyabean Meal—Oct. 183.50-184.00 (182.70), Dec. 185.70-186.00 (185.90), Jan. 183.20-188.00, March 192.00-192.20, May 194.50, July 198.20-199.50, Aug. 200.20, Sept. 200.50, Oct. 200.50-201.00.

Soyabean Oil—Oct. 26.20 (26.32), Dec. 25.70-25.60 (26.00), Jan. 25.50, March 25.55-25.50, May 25.75-25.65, July 25.95, Aug. 25.95-26.00, Sept. 25.95, Oct. 26.00, Dec. 26.05-26.10.

‡Wheat—Dec. 446-447½ (446½), March 462½-464 (462½), May 468-467½, July 462-464, Sept. 472, Dec. 455.

WINNIPEG, October 18. §Barley—Oct. 116.50 (116.30), Dec. 116.70-116.80 (116.50), March 116.20, May 115.70, July 116.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, October 18.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Oct. $209, Dec. $211, Jan. $213, Feb. $215, March $217. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter, Oct. $199, Dec. $200, Jan. $204, Feb. $206. U.S. No. 2 Northern Spring, 14 per cent, Oct. $203, Nov. $205.50, Dec. $213.50, Jan. $219, Feb. $223, March $226.

Maize—U.S. Three Corn Yellow, Nov. $143, Dec. $146 traded, afloat $144, Oct. $143, Nov. $144, Dec. $147.50, *Jan.-March $154, April-June $155* sellers.

Soyabeans—U.S. Two Yellow Gulfports Oct. $276, Nov. $276, Dec. $278.75, Jan. $285, Feb. $292.25, March $293.25, April $299, May $299.50, June $303, July $303.50, Aug. $306.75, Sept. $306.25, Oct.-Nov. $302.50, Dec. $307. Brazil Yellow Faq unquoted. Argentine afloat $272, May $290.50, June $292, July $292.

Soyameal—44 per cent protein U.S. afloat $234, Oct. $235, Nov. $240, Dec. $241, Nov.-March $243, April-Sept. $248. Brazil Pellets afloat $242 trade; Oct. $245.50, Nov. $251.50, April-Sept. $252 sellers.

PARIS, October 18.

Cocoa (FFr per 100 kilos)—Dec. 1244-1246, March 1261-1263, 1251-1252, *May 1281-1289, July 1300-1335*, Sept. 1310, Dec. 1340. Sales at call: 12.

Sugar (FFr per 100 kilos)—Dec. 1355-1356, March 1400-1403, May 1457-1470, July 1475-1490, Aug. 1490-1510, Oct. 1510-1535, Nov. 1510-1545, Dec. 1525-1570. Sales at call: 25.

INDICES

FINANCIAL TIMES

Oct. 17	Oct. 16	M'nth ago	Year ago
295.86	295.72	292.73	261.70

(Base: July 1, 1952=100)

MOODY'S

Oct. 17	Oct. 16	M'nth ago	Year ago
1156.7	1059.0	1141.8	972.3

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 17	Oct. 16	Month ago	Year ago
Spot	407.19	408.81	407.13	386.48
F'tur's	412.15	412.42	415.32	384.45

(Average 1924-25-26=100)

REUTERS

Oct. 18	Oct. 17	M'nth ago	Year ago
1653.2	1647.4	1630.2	1515.7

(Base: September 18, 1931=100)

[illegible]

LONDON STOCK EXCHANGE

Oil shares active in otherwise lack-lustre markets

Money supply figures make little impression on Gilts

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 5	Nov. 15	Nov. 16	Nov. 26
Oct. 8	Oct. 18	Oct. 19	Oct. 29
Oct. 22	Nov. 1	Nov. 2	Nov. 12

* "New time" dealings may take place from 9.30 am two business days earlier.

With the exception of Oils and associated stocks with North Sea interests, equity markets passed another drab trading session yesterday. The prospect of higher oil prices following Sheikh Yamani's warning that there is little that Saudi Arabia can do to prevent further rises sparked off a busy trade in Oil shares which closed with substantial gains throughout the list. British Petroleum were well to the fore and closed 14 up at 382p.

This apart, the downward drift in the equity sectors continued. Once again, selling pressure was only light but, as on Wednesday, potential investors showed a marked reluctance to commit their funds, while professional operators were content to await guidance from the views of last night's speakers at the Mansion House dinner.

A modest rally began to develop among equity leaders in the early afternoon, but this was later stifled by news of the Transport Union's recommendation of weekly one-day strikes and a ban on overtime for its lorry drivers because of the introduction of the tachograph. Down 3.2 at its lowest of the day at 1 pm, the FT 30-share index rallied to finish 2.2 off on balance at 470.1. The half-yearly results from Hawker Siddeley, a shade better at 176p, were much in line with general expectations.

Short-dated Gilt-edged securities attracted a light investment demand and improved ⅛ in places ahead of the mid-September money supply statistics. These were generally deemed to be slightly disappointing, however, and later in the session the gains were halved. Business in longer-dated stocks was thin and with the market currently displaying some sensitivity, quotations tended to ease a shade.

Largely on the efforts of one buyer optimistic about the London talks reaching agreement on the outstanding Rhodesian issues, Southern Rhodesian bonds moved up sharply. The 2½ per cent 1965/70 jumped 9 points to £96 and the 6 per cent 1978/81 spurted 3 points to £132, both prices being new peaks for the year.

Once again, the fluctuation in rates for investment currency was modest and after a small two-way business the premium closed a net ¼ easier at 32¼ per cent. Yesterday's SE conversion factor was 0.9161 (0.9154).

Although the active October series expired on Wednesday, demand for Traded options remained at a reasonably high level with 1,104 deals completed. BP again attracted the major share of the business with 558 trades, but EMI, 144, and Cons. Gold Fields, 115, were also active.

Standard lower

Standard Chartered continued to retreat following Midland Bank's unsuccessful attempt on Tuesday to place its entire 16 per cent holding in the company and finished a further 9 lower at 466p, a reaction of 33 since Monday's close. Elsewhere, the major clearing banks took a modest turn for the better. Lloyds put on 5 to 305p as did NatWest to 345p, while Barclays hardened 3 to 435p. Comment on the disappointing interim report clipped 4 from Jessel Toynbee at 68p, but Smith St. Aubyn hardened 2 to 100p on further consideration of the satisfactory half-yearly statement. London Scottish Finance moved up 3 to 63p on demand in a thin market.

Apart from a marginal improvement to 37p, after 38p, in Christopher Moran following Press views on the interim figures, little of interest occurred in Insurances, which ended narrowly mixed.

Reports of a strike at the company's Burton brewery depressed Allied 2½ off at 94½p. Other leading Breweries traded quietly with little alteration to the overnight levels. Distillers eased back to 227p following the previous day's gain of 7 which stemmed from settlement of the whisky year.

Travis and Arnold, at 244p, gave back 14 of the previous day's speculative advance of 20 following the directors' denial of a bid approach. Elsewhere in Buildings, Ibstock Johnsen shed 6 to 76p, after 74p, on the proposed £5m rights issue, while UBM eased a penny to 72p despite half-yearly profits in line with market estimates. Ben Bailey, a particularly good market since Tuesday on the sharply higher annual profits and dividend increase, ran back 5 to 18p on profit-taking. Housebuilders Arncliffe added that much to 58p on speculative buying, but John Finlan came on offer and shed 4 to 76p. Recently dull Aberthaw Cement rallied 5 to 122p. In Paints, Manders eased 4 to 176p and Leyland relinquished 2 to 54p. Among Building leaders, Blue Circle, 358p, and BPB, 170p, cheapened 4 and 5 respectively, while Tarmac, 202p, and Marley, 59p, lost 2 apiece.

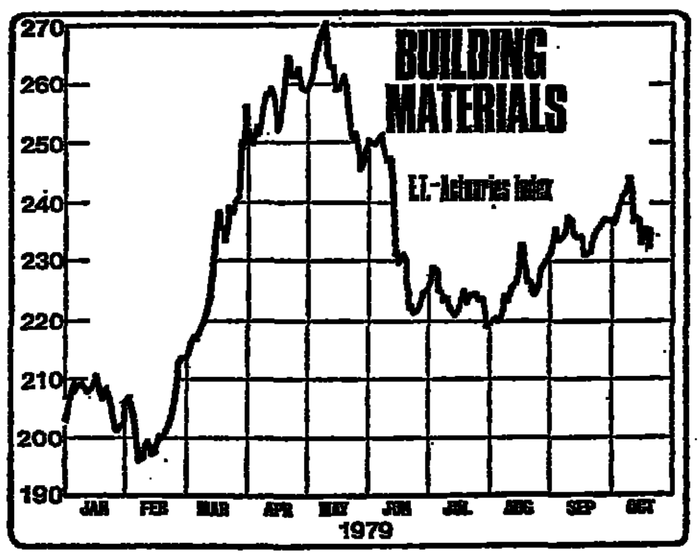
Overshadowed by the activity in the Oil sector, ICI finished 3 cheaper at 355p, after 353p. Carless Capel, however, firmed 2 to 61p in reflection of its oil interests. Fisons put on 11 to 107p as bid hopes revived, but Coates Brothers A shed 3 to a 1979 low of 64p.

Lee Cooper jump

Lee Cooper highlighted Stores with a jump of 19 to 272p, after 275p, in response to the sharp increase in the interim dividend and a near 50 per cent rise in first-half earnings. Grattan Warehouses continued to attract speculative attention on bid hopes and moved between extremes of 138p and 130p before closing a net 3 harder on balance at 134p. B and Q Retail revived with a rise of 3½ to 101p and Stores Discount added 7 to 83p. Following the previous day's £24m share placing, dealings in MFI Furniture were resumed at 75p and, after a reasonable trade the close was 80p. Home Charm remained friendless at 158p, down 8, while Wallis fell 6 to 66p and Vantona lost 4 to 113p. Among the dull leaders, British Home, at 250p, gave up a penny of the previous day's rise of 10 which followed the better-than-expected interim results and Marks and Spencer softened a similar amount to 100p. Gussies A dipped 6 to 335p.

EMI moved up 5 to 131p on hopes of a better bid than Thorn's share-exchange offer, which is currently worth around 133p per share with the latter closing unaltered yesterday at 383p. Suggestions that Rank Organisation could be a possible counter-bidder depressed the latter, down 10 at a 1979 low of 198p. GEC eased to 358p before closing 4 lower on balance at 361p. Elsewhere, speculative secondary issues revived on rationalisation hopes. Revived talk of a bid, possibly from Racal, inspired demand for Decca issues and the ordinary settled 30 higher at 385p with the A 20 better at 330p. Weak recently on disappointment with Tyco Laboratories acquisition of a near 10 per cent stake, Muirhead rebounded 14 to 265p.

Hawker Siddeley closed a shade harder at 176p following half-yearly results in line with most expectations, but other leading Engineering issues continued on a slightly easier bias. Tubes gave up 4 more at 396p and GKN eased a few pence to 265p. Elsewhere, Adwest provided one of the few features, closing 12 up at 416p on speculation about Racal Electronic's holding in the company. Birmingham Mint came to life with a rise of 8 to 178p, while Spencer Gears responded to the preliminary results by rising a penny to 22p. In contrast, APV weakened 6 to 170p and Ash and Lacy 4 to 188p. Further scattered offerings left Staveley down 2 more at 220p.



166p, and National Carbonising improved 2 to 94p, after 95p. Elsewhere, reflecting Rhodesian settlement hopes, Stocklake rose 5 to 92p. Revived bid speculation prompted a similar improvement to 188p in Extel. Second-half recovery hopes helped Marshalls Universal pick up 4 to 142p but Platignum closed 1¼ down at 15p, after 14½p, following the interim profits contraction. Norman Hay softened a penny to 52p for a similar reason and Hunting Associated lost a further 4 to 246p, for a two-day reaction of 21, on the disappointing interim results. Reflecting the long drawn-out television dispute, Granada A gave up 5 to 154p, while ICL lost 5 to 448p and De La Rue receded 10 to 525p. Comment on the poor half-yearly figures left Mettoy 2 lower at 50p. Among the quietly dull leaders, Unilever lost 8 to 514p and Metal Box gave up 4 to 268p.

Persistent selling in a thin market left Saga Holidays 10 down at 185p, after 180p. Medminster, however, added 2 to 36p in response to its preliminary statement.

Dealings in Belfast distributors Clarke Hurst, suspended at the company's request on October 5 at 85p, are expected to resume this morning sharply lower following the announcement that bid talks with unnamed parties have been terminated. CGSB, awaiting developments in a similar situation, eased a couple of pence in sympathy to 36p, while Caffyns gave up 7 to 125p after the company's denial of any takeover. Other Distributors also displayed a dull appearance although little selling was apparent. Glanfield Lawrence fell 5 to 59p, while F. G. Gates, 39p, and Henlys, 107p, both eased 3. T. C. Harrison slipped 2 to 75p on further consideration of Wednesday's first-half statement. Following the chairman's recent comments on the adverse effects of the engineering dispute, York Trailer shed 2 more to 44p.

Dull initially on the diminishing prospects of a return to work at The Times, International Thomson responded to renewed optimism about its North Sea oil assets and closed a net 4 better at 391p, after 384p. Press comment highlighting the industry's falling revenue owing to the ITV dispute left advertising issues lower. Saatchi and Saatchi shed 3 to 131p, while Gordon and Gotch dipped 6 to 91p.

Business in Properties was moderate, but sellers predominated. Falls of a couple of pence were sustained by Land Securities, 296p, Capital and Counties, 58p, and MEPC, 182p while Great Portland Estates and Berkeley Hambro shed 6 apiece to 217p and 194p respectively. Profit-taking clipped 10 from current bid favourite Bernard Sunley, at 590, while the annual profits standstill left London Shop Property 3 cheaper at 90p. City of Aberdeen Land improved 2 to 217p, after 220p, following the preliminary statement.

Oils strong

Oil shares had a busy and erratic session before settling with fresh gains on the day, interest being induced by Sheikh Yamani's warning that Saudi Arabia could do little to stem prospective oil price rises. British Petroleum, additionally aided by a broker's bullish circular, advanced 14 more to 382p. Shell, however, finished below the best, at 364p, up 6, after 368p. A combination of bid hopes and the possibility of Government compensation for the company once the BP share sale is completed lifted Burmah 21 to 159p. Oil Exploration put on 24 to 528p, on hopes of early developments in the bid approach announced last month. Rises of around 10 were marked against Tricentrol, 258p, Siebens U.K., 294p, and Lasmo, 300p, while Clyde added 15 to 270p and British Borneo gained 18 to 302p. News of the Texas oil discovery made no impression on Premier, already 2½ firmer at 46p.

Two days after purchasing a sizeable stake in Savoy Hotel from Grand Metropolitan for £8.66m, Rothschild Investment Trust launched an £18.65m offer for Home Holdings yesterday, which lifted the A shares 7 to 95p and the B 4 to 93p. Elsewhere, dealings in Gresham House were halted at 145p pending an announcement from the company. Further consideration of their oil interests raised Atlantic Assets, 145p and Viking Resources, 150p, 2 and 5 respectively. Among Financials, London Merchant were buoyant for a similar reason and closed 6 up at 134p.

With the exception of Furness Withy, up 3 at 246p, Shipping again drifted lower on lack of investment interest. Reardon Smith, 105p, and James Fisher, 342p, both gave up 3.

Another otherwise quiet session in Textiles was enlivened by a jump of 10 to 130p in Sirdar following renewed speculative demand.

Golds lose ground

Falls were common among South African Golds against the background of a sluggish performance on the bullion market where the price eventually finished unchanged at $383.50 an ounce. The Gold Mines index was 8.9 down at 205.5, and the ex-premium index lost 8.0 to 188.3.

For the second day running prices moved steadily downwards in the face of light selling which found investors generally unprepared to open new positions just before the end of the account. All stocks were affected by the drab sentiment and Libanon lost 52 to 635p, while President Brand were ¾ easier at £11¾. The steady stream of dividend news failed to attract buyers.

The depression on the market spread over to Platinums where general selling took Rustenburg down 11 to 143p. Impala were 4 off at 158p.

Premium Financials were also affected with Anglo American dropping 10 to 445p. There was light business in Minorco, but the initial interest after the rearrangement of their investment interests with Charter Consolidated faded away and the price softened 3 to 238p.

Charter, among the London Financials, were initially firm, and the price climbed to 179p before profit-taking and end-of-account book-squaring induced a reaction. The shares closed unchanged at 176p. Consolidated Gold Fields attracted some buying before going ex-dividend on Monday, moving up to 288 before settling at 284p for a net gain of 2.

Australians were again active, following the firm overnight performance of Sydney. BH South attracted interest, rising 9 to 212p, in the face of conflicting bid attempts. Conzinc Riotinto, one of the contenders, were 5 higher at 200p, while Western Mining, the latest in the field, continued very steady with a rise of 2 to 182p. Speculative London interest gave Caltus Pacific a fillip of 4 to 20p.

Coppers were quiet, but Roan Consolidated were marked down 10 to 120p because of concern about supply problems. Rhodesians were steady with Wankie Colliery 3 harder at 60p and Rhodesian Corporation 2 higher at 32p. Tins were tranquil but rather hesitant, awaiting a lead from Kuala Lumpur and Singapore after the Malaysian Budget.

FINANCIAL TIMES STOCK INDICES

	Oct. 18	Oct. 17	Oct. 16	Oct. 15	Oct. 12	Oct. 11	A year ago
Government Secs	71.30	71.35	71.07	70.88	71.30	71.06	69.21
Fixed Interest	71.98	72.00	71.76	71.78	71.98	71.95	70.95
Industrial	470.1	472.3	472.5	468.0	475.0	471.9	495.6
Gold Mines	205.5	214.4	232.8	221.1	219.2	224.9	167.8
Gold Mines(Ex-$ pm)	188.3	196.3	204.5	201.9	196.2	204.2	114.6
Ord. Div. Yield	7.18	7.12	7.12	7.19	7.09	7.11	5.45
Earnings, Yld. % (full)	17.40	17.34	17.25	17.81	17.26	17.34	15.15
P/E Ratio (net) (*)	7.10	7.13	7.13	7.06	7.16	7.13	8.74
Total bargains	18,462	16,948	16,633	16,150	15,572	16,467	
Equity turnover £m	—	213.82	114.78	73.75	75.59	89.58	86.53
Equity bargains total	—	13,513	14,295	12,225	11,181	13,445	13,481

10 am 472.1. 11 am 472.3. Noon 470.6. 1 pm 469.1. 2 pm 469.8. 3 pm 469.5.
Latest Index 01-246 8026
* Nil = 6.81.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	76.91 (4/6)	64.64 (8/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	200.3 (2/10)	98.3 (12/1)	237.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Oct. 18	Oct. 17
—Daily		
Gilt Edged	106.8	110.7
Industries	121.6	142.2
Speculative	40.0	46.7
Totals	81.1	91.8
5-day Av'r'ge		
Gilt Edged	114.9	117.4
Industries	128.5	132.5
Speculative	41.0	43.8
Totals	84.5	87.7

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	300	93	—	100	44	—	—	380p
BP	320	68	455	78	1	—	—	"
BP	350	52	1	61	—	—	—	"
BP	360	[illegible]	—	[illegible]	—	72	6	"
BP	375	31	104	46	2	—	—	"
BP	390	—	—	—	—	56	68	"
Com. Union	140	11	—	16	1	18	2	136p
Com. Union	160	3	—	—	—	—	—	"
Cons. Gold	220	64	5	70	—	—	—	285p
Cons. Gold	240	44	5	53	—	—	—	"
Cons. Gold	260	26	40	36	17	46	7	"
Cons. Gold	280	15	1	26	17	36	22	"
GEC	360	29	2	41	—	56	—	360p
GEC	390	15	25	26	—	43	—	"
GEC	460	4	1	—	—	—	—	360p
Grand Met	130	21	10	—	—	—	—	151p
Grand Met	150	9	11	—	—	—	—	151p
Grand Met.	160	—	—	13	1	22	—	"
Grand Met.	175	3	10	—	—	—	—	"
ICI	330	40	2	46	—	55	—	355p
ICI	360	17	1	24	—	36	—	"
ICI	390	6½	2	13	1	22	—	"
ICI	420	2	1	7	—	—	—	297p
Land Secs.	300	19	1	21	17	22	10	"
Land Secs.	330	8	2	17	—	—	—	100p
Marks & Sp.	100	8	—	12	1	11	10	"
Marks & Sp.	110	4	11	8	16	—	—	"
Marks & Sp.	120	2	—	4	6	—	—	365p
Shell	330	—	—	60	1	74	—	"
Shell	360	38	5	—	—	—	—	363p
Shell	375	24	10	—	—	—	—	"
Shell	390	14	—	26	4	38	—	"
Shell	400	—	18	—	—	—	—	"
Totals			701		139		125	
		November		February		May		
EMI	90	45	—	49	1	53	7	131p
EMI	100	35	1	29	11	43	1	"
EMI	110	25	33	29	—	33	—	"
EMI	120	17	7	25	—	26	—	"
EMI	130	11	51	19	—	21	15	"
EMI	140	6	17	—	—	—	—	65p
Imperial Gp.	100	½	—	1½	—	2½	5	"
Totals			109		12		28	

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
AKZ C	F.27.50	44	0.60	20	2.10	20	2.90	F.28.20
AKZ C	F.30	—	—	47	1.20	31	1.80	"
AKZ C	F.32.50	—	—	21	0.30	—	—	"
AKZ P	F.30	11	1.80	37	1.70	10	2	"
ARB C	F.70	—	—	3	1.60	—	—	F.69.80
BQ C	F.220	—	—	8	9.60	—	—	F.224
CSF C	F.440	—	—	2	16	—	—	F.423
EK C	$.50	2	1¾	—	—	—	—	$51¾
HO C	F.30	—	—	2	1.10	—	—	F.28.50
HO C	F.32.50	—	—	120	0.50	—	—	"
IBM C	$70	—	—	—	½	22	3½	$63½
KLM C	F.90	—	—	72	3	60	5.70	F.84.80
KLM C	F.100	—	—	40	1.20	12	2.80	"
KLM C	F.110	—	—	24	0.50	8	1.40	"
KLM C	F.120	—	—	15	0.20	—	—	"
KLM P	F.90	—	—	112	6	6	7.60	"
KLM P	F.100	—	—	11	15	—	—	"
NN C	F.100	5	9.40	65	11.50	—	—	F.119.80
NN C	F.115	4	4.80	—	—	—	—	"
NN C	F.120	11	0.30	30	3.20	20	6.50	"
NN C	F.125	—	—	17	1.50	7	5	"
PET C	Fr.4200	1	1480	—	—	—	—	Fr5670.
PET C	Fr.5000	15	700	—	—	—	—	"
PET C	Fr.5500	16	200	21	480	9	550	"
PET C	Fr.6000	—	—	1	180	1	300	"
PHI C	F.32.50	127	0.40	249	1.30	86	2	F.22.90
PHI C	F.25	—	—	40	0.50	152	0.90	"
PHI P	F.22.50	—	—	—	—	25	0.50	"
PHI P	F.25	13	3.20	155	2.20	—	—	"
PHI P	F.27.50	—	—	120	4.70	—	—	"
PRD C	$25	29	1¼	—	—	—	—	$36⅞
PU C	F.340	—	—	—	—	10	21	F.300.10
RD C	F.135	16	20.50	—	—	—	—	F.155.70
RD C	F.140	1	16	2	18	1	19.60	"
RD C	F.145	7	9.70	73	14	—	—	"
RD C	F.150	136	6	569	9.50	248	12.80	"
RD C	F.160	428	0.10	660	4	122	6.80	"
RD P	F.145	—	—	13	0.80	10	1.30	"
RD P	F.150	—	—	12	1.70	26	2.70	"
RD P	F.160	6	4.50	47	4.80	28	5.50	"
UNI C	F.125	—	—	10	2.90	—	—	F.125.20
		Nov.		Feb.		May		
BAZ C	$45	5	2¼	—	—	—	—	$44⅝
SLY C	$60	—	—	—	—	8	10¼	$58⅜

TOTAL VOLUME IN CONTRACTS 4387
C=Call P=Put

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct. 15	Oct. 26	Jan. 24	Feb. 4
Oct. 29	Nov. 9	Feb. 7	Feb. 18
Nov. 12	Nov. 23	Feb. 21	Mar. 3

For rate indications see end of Share Information Service

Call options were dealt in Shell, B. Fertleman, New Equipment, David S. Smith, BP, Charterhall, Town and City Properties, MFI, Anderson Strathclyde, Burmah, Ulster TV, Brent Walker, Associated Dairies, Supra, Oil Exploration, Pacific Copper, Thomas Locker A, James Neill, Ladbroke, Swire Pacific A and Capper Neill. A put was done in Burmah, while doubles were arranged in Burmah and Cons. Gold Fields.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
MFI "New"	10p	13	80	—	89	27
Burmah Oil	£1	12	159	+21	159	82
Oil Exploration	10p	12	528	+24	533	210
BP	£1	11	382	+14	384	220½
EMI	50p	11	131	+5	144	81
Charter Cons.	25p	9	176	—	178	122
ICI	£1	9	355	−3	415	314
Tricentrol	25p	9	258	+8	264	148
GEC	25p	8	361	−4	456	311
Imperial Cont. Gas	£1	8	617	+19	630	368
Ultramar	25p	8	376	+12	376	197
Distillers	50p	7	227	−1	259	198
Grattan W'houses	25p	7	134	+2	146	88
Marks & Spencer	25p	7	100	+1	134	83
Shell Transport	25p	7	364	+6	402	278

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (30)

COM'WEALTH & AFRICAN LOANS (2)
BEERS (1)
Burtonwood
BUILDINGS (2)
Arncliffe — Brown & Jackson
STORES (1)
Lee Cooper
ELECTRICALS (2)
Pilco — Pilco A
ENGINEERING (2)
Birmingham Mint — United Engineering
FOODS (1)
Batleys of Yorkshire
INDUSTRIALS (4)
Cawoods — Pearl (George)
Dundonian — National Carbonising
LEISURE (1)
Photax (London)
MOTORS (1)
Dutton-Forshaw
SHOES (1)
Pittard
TRUSTS (2)
Home A — Lond. Merch. Secs.
OILS (9)
British Borneo — Tricentrol
BP — Ultramar
Burmah — Do. 7pc Conv.
Oil Exploration — Woodside
Premier Cons.
OVERSEAS TRADERS (1)
Tozer Kemsley

NEW LOWS (28)

LOANS (1)
U.S.M.C. 9pc 1982
CANADIANS (2)
Bank of Montreal — Canadian Imp. Bank
BUILDINGS (2)
Ibstock Johnsen — Lovell (Y. J.)
CHEMICALS (2)
Coates Brothers — Coates Bros. A N-V
STORES (2)
Aquascutum A — Empire
ELECTRICALS (1)
Berec
ENGINEERING (7)
A.P.V. — Staveley Inds.
Bristol Channel — Stone-Platt
Brockhouse — Vickers
Delta Metal
INDUSTRIALS (6)
Caravans Int. — Rank Org.
Mecca — Scapa Group
Myson — Wood & Sons
MOTORS (2)
Fordcas — Manor Nat. Group
TEXTILES (1)
Carrington Viyella
TOBACCOS (1)
Rothmans

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	24	28	23
Corpns. Dom. and Foreign Bonds	7	2	56
Industrials	180	354	872
Financial and Prop.	50	121	332
Oils	24	3	13
Plantations	3	4	22
Mines	22	67	55
Others	38	20	69
Totals	348	630	1,442

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
—	F.P.	19/10	108	78	Fogarty (E.) Defd	79	+1	—	—	—	—
—	F.P.	—	202	150	Seltrust A 5cc	155	—	—	—	—	—
—	F.P.	—	12	9½	Stewart Nairn	9½	—	0.15	5.5	2.3	8.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
£91	F.P.	21/9	87	82	Aurora 8½% Conv. Cum. Pref.	85	
	F.P.	21/9	107p	101p	Bradford Prop. 10½% Cum. Pref.	103p	
	F.P.	28/11	[illegible]	[illegible]	Eastbourne Waterworks 9% Red. Pref. 1984	[illegible]	
	F.P.		[illegible]	[illegible]	Essex Water 8% Red. Pref. 1984	101½	
	F.P.		[illegible]	[illegible]	Formminster 10½% Cum. Pref.	102p	
	F.P.	16/11	99¼	98	London Trust 13¾% Deb. Stk. 2000-04	98½	
			[illegible]	[illegible]	Lonrho 9% 3rd Mort. Deb. 87/92	[illegible]	
			[illegible]	[illegible]	Do. 10½% 2nd Mort. Deb. 88/91	[illegible]	
			99	93	Do. 12¼% 2nd Mort. Deb. 80-85	95	
			[illegible]	[illegible]	Muckow A. & J. 11¼% 1st Mt. Db. 2000-05	[illegible]	
			[illegible]	[illegible]	Nat. West. Bank 12½% Sub. Un. Ln. 86/89	[illegible]	
	F.P.	24/8	99¼	97¼	Scot. Agricultural Secs. 12½% Deb. 97-99	[illegible]	
	F.P.		106	104	Starrite Eng. 11½% Cum. Pref.	105	
10p		7/9	105p	101p	Stonehill 10½% Cum. Pref.	101pm	−1

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
110	F.P.		130	120	Bank Leumi	120	
A$4.55	Nil		320pm	246pm	BH Proprietary	256pm	+10
44	F.P.		50	44	Francis Inds.	48	
93	F.P.	2/10	111	97½	Hepworth Ceramics	100	
SM1.5	Nil		20pm	15pm	Kulim	18pm	
40	F.P.	28/9	50	48	Moore	48	
48	Nil		11	8	Nolton	9	
A$5	Nil		248pm	169pm	Peko-Wallsend	215pm	+10
			177	115	Seltrust	115	
45	F.P.		58	52	Wace Group	57pm	+1
45	F.P.		100pm	90pm	Walter Duncan & Goodricke	100pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thurs., Oct. 18, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Oct. 17 Index No.	Tues., Oct. 16 Index No.	Mon., Oct. 15 Index No.	Fri., Oct. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	235.89	−0.7	18.37	6.19	6.95	237.56	237.10	239.29	241.43	248.49
2	Building Materials (27)	226.30	−1.3	17.36	5.99	7.46	229.32	233.59	234.22	237.46	227.97
3	Contracting, Construction (28)	370.18	−0.7	25.41	6.52	4.89	372.65	372.22	375.15	377.32	370.36
4	Electricals (15)	598.69	−0.8	13.54	3.88	9.88	603.61	604.48	608.21	616.68	558.54
5	Engineering Contractors (12)	320.25	−0.4	22.37	7.56	5.58	322.05	320.47	325.65	323.93	378.16
6	Mechanical Engineering (74)	160.01	−0.3	21.18	7.39	5.97	160.39	160.79	163.77	164.17	190.04
8	Metals and Metal Forming (16)	158.56	−0.5	20.26	9.49	6.05	159.39	158.53	158.59	159.40	168.84
11	CONSUMER GOODS (DURABLE) (52)	229.87	−0.5	16.08	5.11	7.72	231.02	228.57	236.52	239.06	233.82
12	Lt. Electronics, Radio, TV (15)	327.23	−0.5	12.38	3.81	10.36	328.78	323.23	338.25	343.38	352.75
13	Household Goods (14)	141.47	—	21.22	7.47	5.74	141.48	140.45	140.87	142.89	194.92
14	Motors and Distributors (23)	109.02	−0.7	24.09	7.78	4.97	109.78	110.26	111.37	111.66	122.59
21	CONSUMER GOODS (NON-DURABLE) (170)	235.37	−0.7	16.76	6.07	7.42	236.98	236.81	237.19	239.86	213.52
22	Breweries (14)	291.19	−0.8	15.60	5.26	7.64	293.44	291.85	293.74	296.81	242.81
23	Wines and Spirits (6)	321.61	−0.4	17.08	5.60	7.28	322.57	313.94	317.45	323.99	280.17
24	Entertainment, Catering (17)	322.73	−0.5	11.38	5.75	8.48	322.71	324.58	326.33	333.36	268.85
25	Food Manufacturing (18)	211.60	−0.1	18.75	6.36	6.62	211.84	211.68	213.86	215.18	207.59
26	Food Retailing (15)	311.17	−0.8	12.71	4.15	9.44	313.53	312.50	315.76	319.65	227.78
32	Newspapers, Publishing (12)	425.56	−0.9	22.31	6.84	6.19	429.65	426.06	426.39	427.81	392.83
33	Packaging and Paper (15)	162.82	−1.4	22.78	8.67	5.66	165.12	161.47	159.32	159.11	140.33
34	Stores (41)	230.21	−0.8	12.90	4.76	10.15	232.11	230.55	233.97	236.63	198.72
35	Textiles (23)	152.33	−0.9	24.09	10.39	5.24	153.76	154.35	155.47	157.25	184.83
36	Tobaccos (3)	234.54	−0.9	24.30	9.48	4.65	236.60	237.89	238.58	241.25	235.32
37	Toys and Games (6)	102.56	−4.1	26.26	11.19	4.87	106.95	107.26	106.81	107.98	106.97
41	OTHER GROUPS (99)	206.07	−0.8	15.80	6.34	7.95	207.68	208.21	209.87	211.08	208.73
42	Chemicals (18)	287.99	−0.7	17.57	6.77	6.64	289.95	291.33	291.61	295.24	282.28
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	117.12	−3.3	17.04	7.19	7.32	121.11	120.17	121.05	121.36	133.35
45	Shipping (10)	462.24	−0.1	11.48	6.84	11.12	462.64	464.54	469.23	473.33	424.28
46	Miscellaneous (58)	245.01	−0.3	15.90	6.25	8.03	245.83	245.66	248.19	249.07	221.54
49	INDUSTRIAL GROUP (493)	235.34	−0.7	16.78	6.10	7.44	236.98	236.31	238.28	240.75	225.51
51	Oils (7)	764.36	+3.0	14.78	6.30	7.31	742.39	737.28	691.49	711.88	507.95
59	500 SHARE INDEX	277.28	—	16.37	6.14	7.41	277.18	276.17	274.67	278.48	249.13
61	FINANCIAL GROUP (116)	191.68	−0.3	—	5.61	—	192.24	193.41	196.04	197.54	164.28
62	Banks (6)	222.98	+0.8	37.08	5.75	3.44	221.25	224.69	229.23	231.39	187.55
63	Discount Houses (10)	245.41	−0.1	—	8.04	—	245.75	244.72	250.19	249.91	205.51
64	Hire Purchase (5)	181.14	+0.5	18.26	4.80	7.02	180.32	182.32	183.53	183.71	156.23
65	Insurance (Life) (10)	161.41	−0.4	—	6.52	—	162.09	161.80	162.18	162.73	130.60
66	Insurance (Composite) (8)	124.34	−0.3	—	7.62	—	124.71	125.38	127.66	128.57	120.28
67	Insurance Brokers (10)	272.72	−0.1	18.30	7.16	7.82	273.11	271.96	277.12	274.99	338.72
68	Merchant Banks (14)	97.03	−0.6	—	6.02	—	97.58	98.43	99.94	99.93	81.09
69	Property (43)	362.49	−1.2	3.36	2.63	43.50	366.82	368.87	368.54	374.36	257.58
70	Miscellaneous (10)	119.00	−1.5	15.96	7.54	8.15	120.78	121.93	125.16	124.96	109.13
71	Investment Trusts (110)	215.04	−0.1	—	5.34	—	215.34	214.22	217.14	218.43	218.95
81	Mining Finance (4)	138.46	−0.2	16.07	6.17	7.55	138.69	138.68	140.78	139.18	111.39
91	Overseas Traders (20)	344.93	−0.4	14.53	7.63	8.41	346.47	343.99	349.29	358.79	325.31
99	ALL-SHARE INDEX (750)	253.44	—	—	6.04	—	253.55	253.03	252.96	255.90	227.28

	FIXED INTEREST PRICE INDICES British Government	Thurs., Oct. 18	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.85	+0.11	—	7.47
2	5-15 years	114.47	−0.02	—	9.16
3	Over 15 years	119.22	−0.09	—	12.02
4	Irredeemables	132.43	−0.29	—	9.82
5	All stocks	112.25	−0.01	—	9.51

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Thurs., Oct. 18	Wed., Oct. 17	Year ago (approx.)
1	Low Coupons	5 years	10.40	10.40	9.21
2		15 years	10.94	10.94	11.18
3		25 years	11.48	11.48	12.03
4	Medium Coupons	5 years	12.51	12.52	12.22
5		15 years	12.51	12.52	12.43
6		25 years	12.51	12.52	12.43
7	High Coupons	5 years	12.84	12.87	12.25
8		15 years	13.08	13.06	13.02
9		25 years	12.96	12.93	13.10
10	Irredeemables		11.27	11.23	11.80

		Thurs Oct. 18 Index No.	Yield %	Wed. Oct. 17	Tues. Oct. 16	Mon. Oct. 15	Friday Oct. 12	Thur. Oct. 11	Wed. Oct. 10	Tues. Oct. 9	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	56.98	†13.03	56.98	56.95	57.06	57.11	57.10	57.27	57.51	56.86
16	Investment Trust Prefs. (15)	49.74	15.53	49.74	49.74	49.16	49.26	49.89	50.16	50.81	51.25
17	Coml. and Indl. Prefs. (20)	67.53	15.26	67.55	67.66	67.68	67.79	68.18	68.24	68.39	72.02

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

COMPANY NOTICES

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
Allen Harvey & Ross Unit Tst. Mngrs.
Allied Hambro Group (a)(g)
Anderson Unit Trust Managers Ltd.
Ansbacher Unit Mgmt. Co. Ltd.
Arbuthnot Securities Ltd. (a)(c)
Archway Unit Tst. Mgs. Ltd. (a)(c)
Barclays Unicorn Ltd.(a)(c)(g)
Baring Brothers & Co. Ltd.(a)(x)
Bishopsgate Progressive Mgmt. Co.
Bridge Fund Managers (a)(c)
Britannia Trust Management (a)(g)
The British Life Office Ltd.(a)
Brown Shipley & Co. Ltd.
Canada Life Unit Tst. Mngrs. Ltd.
Capel (James) Mngt. Ltd.
Carliol Unit Fd. Mgrs. Ltd.(a)(c)
Charities Official Invest. Fund
Chieftain Trust Managers Ltd.(a)(g)
Confederation Funds Mgt. Ltd. (a)
Cosmopolitan Fund Managers (a)
Craigmount Unit Tst. Mgrs. Ltd.
Crescent Unit Tst. Mngrs. Ltd. (a)(g)
Discretionary Unit Fund Managers
E. F. Winchester Fund Mngt. Ltd.
Emson & Dudley Tst. Mngmnt. Ltd.
Equity & Law Un. Tr. M.(a)(b)(c)
James Finlay Unit Trust Mngt. Ltd.
Framlington Unit Mgt. Ltd. (a)
Friends' Provdt. Unit Tr. Mgrs.
Funds in Court
G.T. Unit Managers Ltd.
G. & A. Trust (a)(g)
Gartmore Fund Managers (a)(g)
Govett (John)
Grieveson Management Co. Ltd.
Guardian Royal Ex. Unit Mgrs. Ltd.
Henderson Administration (a)(c)(g)
Hill Samuel Unit Tst. Mgrs.(a)
Investment Intelligence Ltd.(a)(g)
Key Fund Managers Ltd. (a)(g)
Kleinwort Benson Unit Managers
L & C Unit Trust Management Ltd.
Legal & General Tyndall Fund
Leonine Administration Ltd.
Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Lloyd's Life Unit Tst. Mngrs. Ltd.
Local Authorities' Mutual Invest. Trust
M & G Group (y)(c)(z)
ManuLife Management Ltd.
Mayflower Management Co. Ltd.
Mercury Fund Managers Ltd.
Midland Bank Group Unit Trust Managers Ltd.
Minster Fund Managers Ltd.
MLA Unit Trust Mngmt. Ltd.
Murray Johnstone U.T. Mgmt.(a)
Mutual Unit Trust Managers (a)(g)
National and Commercial
National Provident Inv. Mngrs. Ltd.
National Westminster (a)
NEL Trust Managers Ltd.(a)(g)
Northgate Unit Trust Managers Ltd.
Norwich Union Insurance Group (b)
Pearl Trust Managers Ltd. (a)(g)(z)
Pelican Units Admin. Ltd. (g)(x)
Perpetual Unit Trust Mngmt. (a)
Piccadilly Unit Trust (a)(b)
Practical Invest. Co. Ltd.(y)(c)
Provincial Life Inv. Co. Ltd.
Prudl. Portfolio Mngrs. Ltd.(a)(b)(c)
Quilter Management Co. Ltd.
Reliance Unit Mgrs. Ltd.
Ridgefield Management Ltd.
Rothschild Asset Management (g)
Rowan Unit Trust Mngt. Ltd.(a)
Royal Tst. Can. Fd. Mgrs. Ltd.
Save & Prosper Group
Schlesinger Trust Mngrs. Ltd. (a)(z)
J. Henry Schroder Wagg & Co. Ltd.(a)(c)
Scottish Equitable Fnd. Mgrs. Ltd.
Sebag Unit Tst. Managers Ltd.(a)
Security Selection Ltd.
Stewart Unit Tst. Managers Ltd.(a)
Sun Alliance Fund Mngt. Ltd.
Target Tst. Mngrs. Ltd.(a)(g)
Target Tst. Mngrs. (Scotland) (a)(b)
Tower Unit Trust Mngt. Ltd.
Trades Union Unit Tst. Managers
Transatlantic and Gen. Secs. Co.
Tyndall Managers Ltd.
TSB Unit Trusts (y)
Ulster Bank (a)
Unit Trust Account & Mgmt. Ltd.
Wieler Growth Fund

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE & PROPERTY FUNDS

Abbey Life Assurance Co. Ltd.
Albany Life Assurance Co. Ltd.
AMEV Life Assurance Ltd.
Barclays Life Assur. Co. Ltd.
Beehive Life Assur. Co. Ltd.
Canada Life Assurance Co.
Cannon Assurance Ltd.
Capital Life Assurance
Charterhouse Magna Gp.
Chieftain Assurance Funds
City of Westminster Assur. Co. Ltd.
City of Westminster Assur. Soc. Ltd.
Commercial Union Group
Confederation Life Insurance Co.
Cornhill Insurance Co. Ltd.
Credit & Commerce Insurance
Crown Life Assurance Co. Ltd.
Crusader Insurance Co. Ltd.
Eagle Star Insur/Midland Assur.
Equity & Law Life Ass. Soc. Ltd.
Equity & Law (Managed Funds) Ltd.
Fidelity Life Assurance
General Portfolio Life Ins. C. Ltd.
Gresham Life Ass. Soc. Ltd.
Growth & Sec. Life Ass. Soc. Ltd.
Guardian Royal Exchange
Hambro Life Assurance Limited
Hearts of Oak Benefit Society
Hill Samuel Life Assur. Ltd.
Imperial Life Ass. Co. of Canada
Irish Life Assurance Co. Ltd.
Langham Life Assurance Co. Ltd.
Legal & General (Unit Assur.) Ltd.
Legal & General Prop. Fd. Mgrs. Ltd.
Life Assur. Co. of Pennsylvania
Lloyds Life Assurance
London A'deen & Nthn. Mtl. Assur. Ltd.
London Indemnity & Gnl. Ins. Co. Ltd.
London Life Linked Assur. Ltd.
The London & Manchester Ass. Gp.
M & G Group
Manufacturers Life Insurance Co.
Merchant Investors Assurance
NEL Pensions Ltd.
NPI Pensions Management Ltd.
New Zealand Ins. Co. (UK) Ltd.
Norwich Union Insurance Group
Pearl Assurance (Unit Funds) Ltd.
Phoenix Assurance Co. Ltd.
Prop. Equity & Life Ass. Co.
Property Growth Assur. Co. Ltd.
Providence Capitol Life Ass. Co. Ltd.
Provincial Life Assurance Co. Ltd.
Prudential Pensions Limited
Reliance Mutual
Rothschild Asset Management
Royal Life Insurance Group
Save & Prosper Group
Schroder Life Group
Scottish Widows' Group
Solar Life Assurance Limited
Standard Life Assurance Co. Ltd.
Sun Alliance Fund Mangmt. Ltd.
Sun Alliance Linked Life Ins. Ltd.
Sun Life of Canada (UK) Ltd.
Target Life Assurance Co. Ltd.
Transinternational Life Ins. Co. Ltd.
Trident Life Assurance Co. Ltd.
Tyndall Assurance/Pensions
Vanbrugh Life Assurance
Vanbrugh Pensions Limited
Welfare Insurance Co. Ltd.
Windsor Life Assur. Co. Ltd.

OFFSHORE & O'SEAS FUNDS

Alexander Fund
Allen Harvey & Ross Inv. Mgt. (C.I.)
Arbuthnot Securities (C.I.) Limited
Bank of America International S.A.
Banque Bruxelles Lambert
Barbican Managers (Jersey) Ltd.
Barclays Unicorn International
Bishopsgate Commodity Ser. Ltd.
Bishopsgate Progressive—Ldn. Agents
Bridge Management Ltd.
Britannia Tst. Mngmt. (C.I.) Ltd.
Brown Shipley Tst. Co. (Jersey) Ltd.
Butterfield Management Co. Ltd.
Capital International S.A.
Charterhouse Japhet
Clive Investments (Jersey) Ltd.
Cornhill Ins. (Guernsey) Ltd.
DWS Deutsche Ges. F. Wertpapiersp
Delta Group
Deutscher Investment-Trust
Dreyfus Intercontinental Inv. Fd.
Emson & Dudley Tst. Mgt. Jrsy. Ltd.
The English Association
Eurobond Holdings N.V.
F. & C. Mgmt. Ltd. Inv. Advisers.
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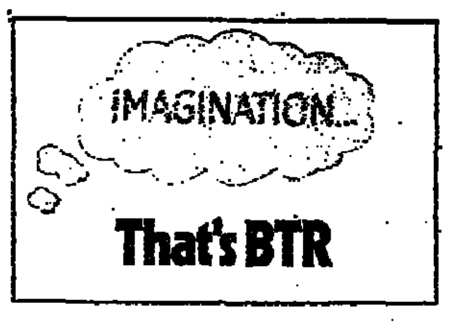

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

Stock	Price £	+ or −	Int.	Red. Yield
FFI 13pc 1981	98½	+¼	13.20	14.19
Do. 14pc '83	101½	+¼	13.79	13.48
ICFC 5½pc Deb. '80-82	84	......	6.50	12.40
Do. 6¼pc Db. '81-84	78½	......	8.26	12.90
Do. 10½pc Uns.Ln. '86	92	......	11.79	13.10
Do. 11pc Uns.Ln. '88	94	+1	12.24	12.80
Do. 11¼pc Uns.Ln. '90	96½	......	12.65	13.00
Do. 7¼pc A Deb. '89-92	66¼	......	11.47	13.20
Do. 7¼pc A Db. '91-94	62½	......	11.73	13.15
Do. 9pc 'A' '91-94	73½	......	12.35	13.20
Do. 8⅝pc Ln. '92-97	72	......	12.68	13.20
Do. 13¼pc. Uns. Ln. 1992	96	......	13.94	14.30

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium [illegible] (based on [illegible] per £)
Conversion factor 0.9161 (0.9154)

CANADIANS

[illegible]

S.E. List Premium [illegible] (based on $2.5383 per £)

BANKS AND HIRE PURCHASE

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
£174	930	Com'zbk DM 10	£184	......	Q26.6%	—	6.6	—
£18½	900	Chgo.Hbk.Kr100	900	......	Q12%	—	12.4	—
41	29	Corinthian 10p	30	......	†1.85	5.9	5.0	3.5
£24¾	£15	Cred. France F75	£18½	......¼	Q9.87%	—	3.5	—
16	11	Dawes (G. R.)	11	......	—	—	—	—
*£11⅞	£62½	Deutsche Bank DM50	£67¼	......	Q28.12%	—	5.4	—
90	58	F. C. Finance	67	......	2.2	4.9	4.7	6.2
8¼	5⅓	First Nat. 10p	7½	......	—	—	—	0.5
4	2	Do. Wrts. 75-83	2¾	......	—	—	—	—
266	178	Gerrard Natnl	248	......	19.12	—	5.4	—
62	39	Gibbs (A.)	48	......	2.2	—	6.5	—
270	217	Gillett Bros. £1	218	......	†16.95	—	11.1	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INSURANCE

INSURANCE—Continued

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Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

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OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

TINS

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MISCELLANEOUS

GOLDS EX-$ PREMIUM

NOTES

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

OPTIONS

3-month Call Rates

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FINANCIAL TIMES

Friday October 19 1979

No change in MLR likely at present

By Peter Riddell, Economics Correspondent

THE PACE of monetary expansion has slackened over the last couple of months, though the underlying rate of increase is still slightly above the official target range.

Consequently, the authorities are taking a cautious view and are unlikely to consider the possibility of changing Minimum Lending Rate until at least another month or two's figures are available.

The latest figures, announced yesterday by the Bank of England, show that sterling M3, the broadly defined money supply, rose by 0.6 per cent in the month to mid-September, the smallest monthly increase for six months.

This takes the increase in the first three months of the new target period to 3.5 per cent, or 10 per cent at an annual rate. This compares with a permitted rate of increase of 7 to 11 per cent.

The underlying pace of expansion is almost certainly above this figure since there has been a steady growth—of £600m over the last three months—in bank acceptances or commercial bills held outside the banking system. These bills operate as a form of bank advance but are not counted in the sterling M3 statistics.

Mr. Gordon Richardson, Governor of the Bank, commented on the latest figures last night in his speech at the bankers' dinner.

He noted they suggested "some slowing down in the pace of monetary expansion. But no-one can judge from one month's figures, and the future is far too uncertain to come to a view that *there has yet been a change in* the trend."

Mr. Richardson said "sustained reductions in interest rates depend on success in reducing inflation. That in turn will be influenced by the rate of monetary expansion; the way to get lower interest rates is to persevere *with monetary* control."

The latest figures show that external and foreign currency flows of £499m were again a substantial influence in the movement of the money supply. This will partly reflect outflows associated with the fall in official reserves and support for sterling last month.

The Bank also mentions that, as in August, the recent relaxation of exchange controls probably influenced this trend.

Some big companies appear to have taken advantage of the new permission to repay foreign currency loans. To the extent that this has been financed by domestic loans, there will be no net effect on the money supply. But in so far as this is not the case, *any outflows would tend* to reduce sterling M3.

Bank lending to the private sector rose last month by £160m, the smallest increase for 12 months. However, bank acceptances held outside the banking system rose by a further £180m.

The Bank notes that special factores are likely to have reduced the demand for credit last month as, for example, corporate liquidity will have benefitted fro mthe exceptionally high level of government borrowing.

Central government borrowing was £1.65bn in the month. This partly reflected the first *stage of tax rebates from* increased personal allowances and higher than usual lending to the rest of the public sector.

Continued from Page 1

Thatcher

affirmed her Government's total commitment to Europe and also appeared to be hinting at the possibility of a compromise on fishing policy. She said she believed that a mutually beneficial agreement was possible.

Mrs. Thatcher, who was making *her first major foreign* affairs speech since her election, also showed that she had not altered the hawkish line on defence she adopted during the campaign. Liberty, she stressed, could not exist without security from outside attack. The NATO countries had agred on a target of annual increases of 3 per cent in defence expenditure. The British were prepared to meet that challenge "and we look to our allies to do likewise."

In the conditions of Europe today, the need for the "instruments of deterrence" was inescapable. It was essential that no gaps should be left for exploitation by the other side at any level. The Soviet Government had, she said, introduced "formidable new weapons" like the SS20 missile and the Backfire bomber. NATO's equivalent weapons were few and *becoming obsolete*. The Russians already enjoyed an advantage, she warned, "Unless we deploy more modern weapons soon, things will get worse."

Chrysler UK strike ends after vote

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

WORKERS AT Chrysler's UK Stoke engine plant in Coventry defied their shop stewards yesterday and voted decisively to end their 15-week strike.

The 3,100 employees, who were demanding a wage rise of more than 20 per cent, will return on Monday without an improvement in the company's original pay offer.

At a stormy mass meeting, national officials of the Amalgamated Union of Engineering Workers and the Transport and General Workers' Union were heckled for speaking against the shop stewards' recommendation. The officials warned that workers had "come to the end of the road."

Mr. Grenville Halley, automotive secretary for the TGWU, said that the company "would not budge" from its original 5½ per cent offer. There was a serious risk that a decision to continue the strike would mean the loss of the £100m a year export contract to Iran National.

"I am not here to see thousands of people out of work and the dereliction of Coventry," he said.

Senior managers from Iran National have been visiting Continental manufacturers looking for alternative supplies. Mr. Hawley argued that Peugeot-Citroen, the new owners of Chrysler UK, were in a far stronger negotiating position than the workforce.

Shop stewards argued passionately that workers should not be "starved" into accepting "an offensive and insulting package."

Chrysler management has not shifted from its position that improved earnings must be financed through higher productivity.

News of the strike collapse came as a relief because Stoke, an important supplier of engines and components, is central to Chrysler UK operations.

More than 7,000 workers have been laid off for two months at Linwood, Scotland, where assembly of Avenger and Sunbeam models is at a standstill.

The dispute has caused considerable bitterness among the Stoke workforce, which divided 60:40 on a show of hands yesterday.

Union confusion over BL ballot

BY ARTHUR SMITH

THE UNION attitude to the proposed ballot of the BL workforce was thrown into confusion last night by the decision of a committee set up by the Confederation of Shipbuilding and Engineering Unions to fight redundancies.

The confederation is "strongly recommending" the 164,000-strong workforce to approve rationalisation plans which include plant closures.

But the emergency committee—established by the confederation to assess shop floor *reaction—yesterday* came out in favour of urging workers to vote against the proposals.

Mr. Ken Cure, executive member of the Amalgamated Union of Engineering Workers, and five other unions abstained from the emergency committee resolution.

The problem has been caused by the Transport and General Workers Union decision to break ranks from the 16 other unions within the confederation and oppose the strategy of Sir Michael Edwardes, BL chairman.

The transport union, which has a strong representation on the emergency committee, has made clear it will expose what it believes are the weaknesses of the company plan.

While many other union leaders share the TGWU's distaste for the size of the cuts, they are not willing to risk putting the company's future in danger.

Sir Michael has stressed he will not seek further State aid unless he can get substantial support from the workforce for his strategy.

While the shop stewards movement can be expected to mount a militant campaign, most union leaders believe Sir Michael will achieve a comfortable majority.

Many workers seem likely to be tempted by redundancy payments. *The only real test* so far of shop floor opinion has been at the Park Royal bus factory where 650 workers have already agreed redundancy terms.

The ballot will be conducted on a company-wide basis rather than through individual plants. Voting forms coupled with a company document drawing attention to support from the confederation will be sent to workers' homes by the weekend. The ballot, supervised by the Electoral Reform Society, should be completed within two weeks.

Chrysler 'may collapse' without Washington aid

BY IAN HARGREAVES IN WASHINGTON

CHRYSLER launched the final, public round in its fight for survival yesterday with a *blunt statement* that without U.S. Government aid the entire company would collapse.

The company pointed to growing nervousness among its bankers, and said it needed Congressional approval for a new, scaled-down aid package by the end of this year.

Mr. Lee Iacocca, chairman of the third biggest U.S. car-maker, told a Congressional committee that Chrysler could not possibly be reorganised through normal bankruptcy procedures, the means advocated by other industry leaders.

Mr. Iacocca, in a sometimes angry series of exchanges, said that if Chrysler was forced into this course there would be a rapid "domino effect" among creditors. The whole Chrysler organisation would be paralysed within weeks.

He spoke a few hours after giving the Treasury a modified plan calling for Federal loan guarantees totalling $750m.

This is $450m less than Chrysler asked earlier this summer, in what Mr. Iacocca still referred to yesterday as the company's "optimum plan."

Chrysler now proposes that it raise this extra $450m by selling additional assets and pressing its banks for extra support. There were "substantial risks" *in doing this, but it could be* achieved with "extraordinary effort."

"The importance of the money guarantees is almost overshadowed by the importance of the Government's vote of confidence needed to keep our present creditors in line."

The company's U.S. bankers were starting to get nervous, he said, and the same nervousness *ha dbeen shown earlier this* week when a group of Japanese banks said they were cutting off credit lines to cover Chrysler's import of Mitsubishi cars.

"No-one wants to get out ahead in a situation like this," he said.

Federal assistance must be approved by Congress before New Year if Chrysler was to "maintain its vital product development work for the mid-1980s."

"The situation is getting worse rather than better," said Mr. Iacocca, referring in particular to the recent rise in interest rates caused by the Federal Reserve's tighter money supply policy.

Increase in Iraq oil price

IRAQ HAS raised the prices of all the varieties of oil it produces, but has kept wihin the $23.50 ceiling laid down for the second half of 1979 by the Organisation of Petroleum Exporting Countries.

The new rates will be effective from October 20. Thes highest, at $23.50 is for Kirkuk oil pumped to the Mediterranean terminals at Banias and Tripoli. This is the country's premium crude in terms of quality and availability.

An adjustment of Iraqi prices was considered inevitable, following the increases announced by Kuwait, Iran and Libya over the past two weeks.

Iran bans executions

BY ANDREW WHITLEY

AYATOLLAH KHOMEINI, the *Iranian revolutionary leader* has ordered a halt to all executions until further notice, it was disclosed yesterday. More than 600 people are known to have been shot by firing squads in the past eight months, with many more believed to have died unannounced in prison.

The move is the culmination of efforts over the past week to bring the revolution under control. But well-informed Iranians cast considerable doubt on its chances of success, arguing that factions within the ruling clergy are virtually ignoring Khomeini's directives.

The order to stop the executions decreed by religious courts for political and moral offences was issued by the Islamic Revolutionary Prosecutor's office in Tehran. A spokes*man said it was already in force* in the capital and a similar order would be sent to the notoriously fickle provincial courts.

However, a more moderate faction within the Moslem clergy led by Ayatollah Khomeini's son Ahmad has recently been taking a strong stand in public against some of the excesses of the others.

on executions, appeals were made for tighter curbs on the activities of independent-minded committees, the local security bands spawned by the revolution.

The indications yesterday were that rivalries around Ayatollah Khomeini may well be developing into a full-scale power struggle

Continued from Page 1

Howe seeks bank chiefs' aid

He said: If we do not defeat inflation now, because the treatment is unpalatable, it will be worse tomorrow."

Mr. Richardson particularly *stressed* that if wage increases were large, and unmatched by increases in productivity, profits will be reduced further and recession hastened.

Following the collapse of incomes policy last winter and faster inflation it was "essential to hold firm to our monetary *policy*."

He specifically replied to those who blamed the monetary authorities for the pressure produced by monetary discipline. "A central banker is surely entitled to ask precisely where lies the cause of any sense of monetary tightness in an economy whose output is not growing in volume terms, but where money supply is rising about 10 per cent.

"If the escalation of costs *could be held within saner* bounds, such monetary growth would provide ample room for real growth and improvements in real living standards."

Neither speech contained any new indications about economic policy, partly because decisions have yet to be taken about the rolling over of the monetary target, possible changes in the system of monetary contgol or about medium-term financial plans. Sir Geoffrey did, however reiterate the Government's commitment to "the progressive dismantling of the exchange control regime. Further steps will be taken as soon as I judge that the circumstances are appropriate."

He also confirmed that the Government's plans on public expenditure for next year (1980-81) will be announced in a White Paper shortly after Parliament resumes.

TGWU to fight lorry cab device

By Nick Garnett, Labour Staff

COMMERCIAL VEHICLE drivers employed throughout Britain are being recommended to begin an immediate ban on overtime and rest-day working and to impose a series of one-day weekly strikes in protest at proposed regulations on the tachograph.

The recommendation was made yesterday by the Transport and General Workers' Union's road transport commercial group to its regions. It will be left to plant level meetings of drivers to decide whether to follow the advice.

The recommendation applies to *all Transport* and General drivers, including those working for manufacturing industry and the "hire and reward" haulage sector.

All other unions with lorry driver members, including the National Union of Railwaymen, which has drivers in the *nationalised* sector, the United Road Transport Union and the General and Municipal Workers' Union, are being asked to follow the recommendation.

Mr. Jack Ashwell, TGWU national secretary, said the strikes, probably to be staged on Mondays, were likely to start at the beginning of next month.

It is unclear how much support the recommendation *will receive—particularly* in those companies where the drivers are used to being paid for large amounts of overtime. In some sectors, overtime earnings are guaranteed, although the drivers are expected to work the extra hours. The response is likely to vary from region to region.

The Government has announced proposals to have tachographs—vehicle and driver performance recorders—introduced in lorries over 3.5 tonnes gross weight in a two-year phasing-in period from the end of this year. This is in line with EEC regulations.

Some national union officials have indicated that they feel they cannot prevent the introduction of the tachograph, which records such details as speeds and stopping times.

Mr. Ashwell said yesterday, however, that the commercial *transport* group had reiterated "its opposition to the use of this instrument on domestic operations."

The Road Haulage Association, the industry's biggest employer body, has told the Government that a five-year phasing-in period should be the essential minimum. The association has also expressed concern over the ocst of tachograph installation.

Weather

UK TODAY

CLOUDY and some drizzle later. Becoming d rier and brighter later.

London, S.E., S.W. and Cent. S. England, E. Anglia, E. Midlands
Cloudy, some drizzle. Drier and brighter later. Max. 16C (61F).

W. Midlands, Wales, N. and E. England
Sunny i ntervals and showers. Max. 14C (57F).

Cent. S. and S. Scotland, Isle of Man and Ulster
Sunny intervals and heavy showers. Max. 12C (54F).

N. E. Scotland, Cent. Highlands, Orkney, Shetland
Showers and some bright intervals. Max. 11C (52F).

Outlook: Sunny intervals. Rain later.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	20	68	Jersey	F	15	59
Algiers	Fg	22	72	Jo'burg	S	25	77
Amsdm.	S	13	55	L. Plms.	S	24	75
Bahrain	S	33	91	Lisbon	S	20	68
Barclna.	S	21	70	Locarno	S	18	64
Beirut	S	26	79	London	S	15	59
Belfast	S	12	54	Luxmbg.	C	10	50
Belgrd.	C	17	63	Madrid	S	19	66
Berlin	C	10	50	Majorca	S	21	70
Biarritz	F	18	64	Malaga	C	20	68
Bmghm.	F	12	54	M'chstr	S	13	55
Blackpl.	F	13	55	Milan	S	18	64
Bordx.	S	16	61	Mntreal.	S	10	50
Boulgn.	S	14	57	Munich	C	12	54
Bristol	S	15	59	Nairobi	S	24	75
Brussels	S	14	57	Naples	C	21	70
Budpst.	S	16	61	Nwcstl.	S	13	55
B. Aires	C	18	64	Nice	S	21	70
Cairo	S	32	89	Oporto	S	22	72
Cardiff	F	14	57	Oslo	S	7	45
Cas'b'ca	F	21	70	Paris	S	16	61
Cape T.	C	17	63	Perth	S	19	66
Chicago	C	17	63	Prague	C	12	54
Cologne	S	14	57	Reykjvk.	C	5	41
Cpnhgn.	C	10	50	Rio J'o	S	20	68
Dublin	S	14	57	Rome	C	21	70
Dbrvnk.	C	21	70	Salzbrg.	C	12	54
Ednbgh.	F	12	54	Stckhm.	R	8	46
Faro	C	22	72	Strasbg.	C	14	57
Florence	F	20	68	Sydney	S	20	68
Frankft.	C	13	55	Tangier	F	26	79
Funchal	S	21	70	Tenerife	F	17	63
Geneva	F	15	59	Tokyo	R	20	68
Gibrltr.	F	18	64	Toronto	Fg	8	45
Glasgow	F	11	52	Tunis	C	23	73
G'nsey	F	15	59	Valencia	S	21	70
Helsinki	F	5	41	Venice	S	18	64
Innsbrk.	C	16	61	Vienna	S	15	59
Invrnss.	F	11	52	Warsaw	C	10	50
I.o.Man	F	12	54	Zurich	C	14	57
Istanbul	Fg	20	68				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Putting over the money message

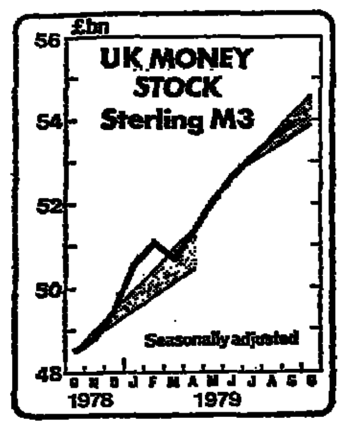
The Government will not budge in its aim of a progressive reduction in the rate of growth of the money supply. But if the implications are not widely understood and accepted there could be a severe financial squeeze. And while the Government is well aware of the burden which high interest rates place on the private sector, sustained reductions in rates will depend on success in reducing inflation.

Those are the main points from last night's Mansion House speeches on which the financial markets *will have to ponder* this morning. On balance they leave the gilt-edged market with its hopes intact but without any firm figuring on which to base projections for the year ahead. So there is as yet no indication of the level at which the money growth targets will be rolled over into the second half of the financial year. But the White Paper on public spending for 1980-81 is promised within a few weeks.

The Lord Mayor's dinner has come at a time when the authorities appear to be gaining the upper hand in the monetary battle. The rise of 0.6 per cent in sterling M3 for the September banking month has brought this measure of the money supply well within the *target rang efor* the four-month period to mid-October. But sterling M3 has still risen by more than 12 per cent over the past 12 months, and allowing for disintermediation—the increase in bank acceptances held outside the banking system has been nearly £1bn in the past *four months—it is not clear* that monetary policy has so far been at all severely restrictive.

The City has yet to find out what happened when the irresistable force meets the immovable object.

Index fell 2.2 to 470.1



Hawker Siddeley

Acquisitions have brought about £7m net of finance costs into Hawker Siddeley's half-year figures, and its companies in Canada, Australia and South Africa have contributed an extra £5m or more as well. So an overall profits decline from £55.6m to £53.1m pre-tax hides big setbacks in some of the UK businesses.

The main weakness has been in the industrial diesel companies, where volume has in some cases been running at about half last year's level. Potential customers have been put off by the oil scare, nad in addition Hawker has been particularly hit by market upsets in Iran, Iraq, and Nigeria. Group exports in the half year are down in sterling terms despite inflation and a higher level of completions on turnkey contracts. There have been between 2,000 and 3,000 redundancies in the UK *this* year, and the diesel side has taken the brunt.

Elsewhere the electrical companies have done quite well, apart from those on the switchgear and generating side, and the recent acquisitions have generally shown progress. But although there are hopes that the decline in orders for industrial diesels has started to level out, the profits outlook for the short term is not very bright. The engineering strike must have cost several *million* pounds, and pre-tax profits for the year could drop from £118m to, say, £105m. The fall will be steeper at the earnings level, because the minority interest is being much inflated by the bigger contribution from Canada and the Carlton acquisi*tion*.

Hawker believes that it will be able to rebuild profitability on diesels over the long term. Meanwhile, it retains a very strong balance-sheet, with shareholders' funds of over £450m and net cash balances of roughly £75m despite heavy investment in working capital this year. There are no clues about the dividend policy, but last year's payment is well covered by current cost earnings and the historic yield at 176p is 6¾ per cent.

RIT Hume Holdings

Rothschild Investment Trust's 27.4 per cent stake in Hume Holdings—another investment trust—has looked rather out of place for some time. RIT prides itself on being an entrepreneurial outfit that seeks out unusual situations and actively manages them with the accent on capital growth. Hume, in contrast to its adventurous period in the early 1970s, is now an *archetypical investment* trust with a mature and rather dull portfolio of shares and gilt-edged. As one of RIT's biggest quoted investments Hume does *not seem to fit in and the easiest* solution would have been to sell off the stake.

It seems that RIT tried to do this but because of Hume's high yield and narrow discount, the institutions were just not interested. So RIT it taking over Hume itself. This is a more expensive alternative but there are one or two attractive offshoots such as the UK and Guernsey banking companies which might come in handy at some future date.

Brooke Bond Liebig

At the half way stage Brooke Bond Liebig's pre-tax profits (excluding property profits) were 24 per cent down. So a mere 4 per cent drop in full *year profits to £39.2m looks* a surprisingly good performance given the strength of sterling and the steady fall in tea prices during the year. The shares rose by close to 6 per cent yesterday.

Admittedly, interest charges dropped by £3.2m (partly reflecting the *impact* of less expensive stock financing) and loss elimination in faraway places like Paraguay helped. But the real reason was that the UK end of the business recovered smartly and boosted its profits by nearly 90 per cent.

Although the UK market is fairly stagnant the fact that BBL was able to push up its market share from 31 per cent to 35 per cent led to increased volume and worked wonders for the group's margins.

Overseas, profits were hit to the tune of £3.4m because of the strength of sterling but the main reason for the sharp decline was the effect of lower tea prices. Plantations profits slumped from £21.8m to £12.3m with Africa and Asia bearing the brunt. Provided, sterling does not appreciate further, and tea prices start to firm gradually, BBL should be able to push its 1979-80 profits up to £45m, say. But the group is still at heart a tea company (it is the largest in the world) and its investment attractions would be enhanced if it could broaden its base.

However, the shares, at 47p, yield a comfortable 10.8 per cent, two fifths of the profits now originate in the UK, and its balance sheet is stronger than that of most other companies on a similar yield.

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